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The Integrated Report - 2024

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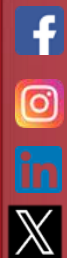
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The Integrated Report include the following:

1. Board of Directors Report

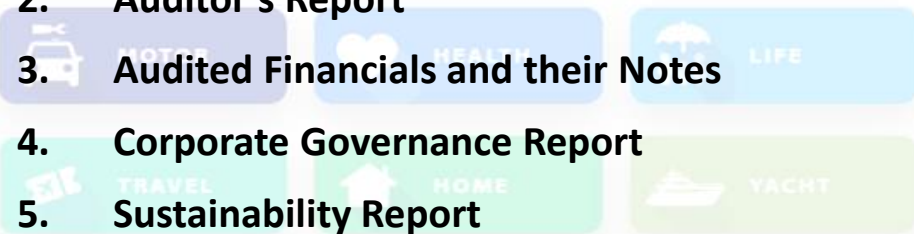
2. Auditor's Report

3. Audited Financials and their Notes

4. Corporate Governance Report

5. Sustainability Report

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Dear Shareholders,

On behalf of the Board of Directors of Union Insurance Company P.J.S.C., we are pleased to present our Annual Report for the year ended 31st December 2024. This report provides an overview of the company's financial and operational performance, key strategic initiatives, and future outlook.

1. Strategic Overview

Despite global economic challenges and evolving regulatory frameworks, Union Insurance Company P.J.S.C. has remained resilient and adaptive throughout 2024. The company continued to strengthen its market position by enhancing operational efficiencies and implementing customer-centric strategies.

The adoption of IFRS 17 for the second consecutive year has reinforced financial transparency and performance assessment. Our focus remains on sustainable growth, risk management, and technological innovation, all of which support our long-term financial stability.

2. Key Financial Performance Indicators

In compliance with the UAE Central Bank regulations, the company continues to maintain technical reserves as recommended by the appointed actuary. The company's financial strength and stability were reaffirmed by Fitch Ratings, which assigned Union Insurance Company P.J.S.C. a first-time Insurer Financial Strength (IFS) Rating of "BBB" with a Positive Outlook.

According to Fitch's latest report, "The Positive Outlook reflects the anticipated improvement in financial performance due to management actions aimed at enhancing underwriting profitability. The rating reflects the company's strong capital base, efficient performance, and robust reinsurance protection."

3. Financial Results for 2024

- Gross Premium: AED 654.7 million (2023: AED 726.7 million)
- Insurance Revenue: AED 591.4 million (2023: AED 633.5 million)
- Insurance Service Result: AED 28.6 million (2023: AED 1.2 million)
- Investment Income: AED 19.7 million (2023: AED 17.2 million)
- Net Profit after Tax: AED 38.3 million (2023: Net Loss of AED 2.5 million)
- Total Equity (31/12/2024): AED 243.3 million (2023: AED 205.0 million)
- Total Assets (31/12/2024): AED 1.514 billion (2023: AED 1.457 billion)



4. Corporate Governance and Risk Management

The Board of Directors remains committed to maintaining strong corporate governance standards in line with international best practices. The company continues to enhance its Enterprise Risk Management (ERM) framework to mitigate potential risks and improve capital allocation.

5. Strategic Initiatives and Future Outlook

In 2024, the company pursued various strategic initiatives, including:

- Digital transformation to improve customer experience and streamline operations.
- Partnership initiatives and acquisition of new customers to enhance market presence and service offerings.
- Integration of sustainability, environmental, social, and governance (ESG) factors into business strategies to align with global best practices.

Looking ahead, the company will focus on profitable growth, disciplined underwriting, and leveraging innovation to create long-term value for shareholders.

6. Dividend Policy

The Board has resolved not to distribute cash dividends for the year 2024. This decision aligns with our long-term strategy to strengthen capital reserves and ensure sustainable financial health.

7. Acknowledgments

The Board of Directors extends its sincere appreciation and gratitude to all shareholders, clients, and business partners for their continued support. We also express our deep appreciation to the company's management and employees for their dedication and commitment to the company's success.

We look forward to another successful year ahead, God willing.

For and on behalf of the Board of Directors



Chairman of the Board
Nasser Rashid Abdulaziz Almoalla

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Union Insurance Company P.J.S.C.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Union Insurance Company P.J.S.C. (the "Company"), which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss, statement of other comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "*Auditor's Responsibilities for the Audit of the Financial Statements*" section of our report. We are independent of the Company in accordance with *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Company's financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements of the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our Opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Company for the year ended 31 December 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Union Insurance Company P.J.S.C. (continued)
Report on the Audit of the Financial Statements (continued)
Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the key audit matter
Valuation of Insurance Contract Liabilities and Reinsurance Contract Assets	
<p>As at 31 December 2024, the Company's Insurance Contract Liabilities and Reinsurance Contract Assets are valued at AED 818.8 million and AED 612.2 million, respectively. (Refer to note 14).</p> <p>Valuation of these Insurance contract liabilities and Reinsurance contract assets involves significant judgements and estimates, particularly with respect to the eligibility of measurement models and estimation of the present value of future cash flows.</p> <p>These cash flows and liabilities primarily include expected premium receipts, expected ultimate cost of claims and allocation of insurance acquisition cashflows, which are within the contract boundaries.</p> <p>The calculation for these liabilities includes significant estimation and involvement of actuarial experts in order to ensure the appropriateness of discount rates, methodology, assumptions and data used to determine the estimated present value of future cash flows.</p> <p>As a result of the above factors, we consider the valuation of these insurance contract liabilities and reinsurance contract assets as a key audit matter.</p>	<p>We performed the following procedures in conjunction with our actuarial specialists:</p> <ul style="list-style-type: none"> - Understood and evaluated the process, the design and implementation of controls in place to determine valuation of Insurance contract liabilities and Reinsurance contract assets; - Assessed the competence, capabilities and objectivity of the management's appointed actuary; - Tested the completeness, and on sample basis, the accuracy and relevance of data used to determine future cashflows; - Evaluated the appropriateness of the methodology, significant assumptions including risk adjustment, PAA eligibility assessment, discount rates and expenses included within the fulfilment cashflows. This included consideration of the reasonableness of assumptions against actual historical experience and the appropriateness of any judgments applied; - Independently reperformed the calculation to assess the mathematical accuracy of the Insurance contract liabilities and Reinsurance Contract Assets on selected classes of business, particularly focusing on largest and most uncertain reserves; and - Evaluated and tested the calculation of the allowance for expected credit loss allowance including the data, key assumptions and judgments used.

Other Information

Management and directors are responsible for the other information. The other information comprises the information included in the Directors' report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Union Insurance Company P.J.S.C. (continued)

Report on the Audit of the Financial Statements (continued)**Responsibilities of the Management and the Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB and their preparation in compliance with the UAE Federal Decree Law No. (32) of 2021, and UAE Federal Law No. (48), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidenced obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Union Insurance Company P.J.S.C. (continued)

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We communicate to those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law and regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

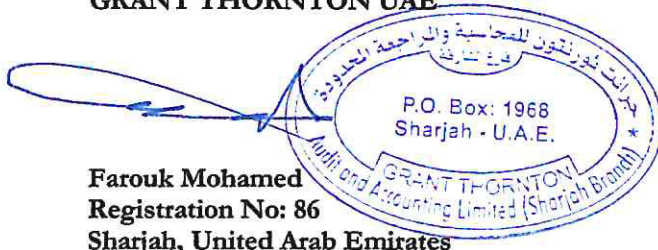
Report on other Legal and Regulatory Requirements

Further, as required by the UAE Federal Decree Law No. (32) of 2021, we report that:

- i) We have obtained all the information we considered necessary for the purposes of our audit;
- ii) The financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021;
- iii) The Company has maintained proper books of account;
- iv) the financial information included in the Directors' report is consistent with the books of account of the Company;
- v) investments in shares and stocks during the year ended 31 December 2024, are disclosed in note 6 to these financial statements;
- vi) Note 11 to the financial statements discloses material related party transactions and balances, and the terms under which they were conducted;
- vii) based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Company has, during the financial year ended 31 December 2024, contravened any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021, or its Articles of Association, which would materially affect its activities or its financial position as at 31 December 2024; and
- viii) The Company did not make any social contribution during the year ended 31 December 2024 as disclosed in note 27.

Further, as required by the UAE Federal Law No. (48) of 2023, we report that we have obtained all the information and explanation we considered necessary for the purpose of our audit.

GRANT THORNTON UAE



Farouk Mohamed
Registration No: 86
Sharjah, United Arab Emirates

March 19, 2025

Union Insurance Company P.J.S.C.

**Independent Auditor's Report and Financial Statements
For the year ended 31 December 2024**

Union Insurance Company P.J.S.C.

Table of contents

	Pages
Board of Directors' report	1
Independent Auditor's report	2
Statement of financial position	6
Statement of profit or loss	7
Statement of other comprehensive income	8
Statement of changes in shareholders' equity	9
Statement of cash flows	10
Notes to the financial statements	11



Dear Shareholders,

On behalf of the Board of Directors of Union Insurance Company P.J.S.C., we are pleased to present our Annual Report for the year ended 31st December 2024. This report provides an overview of the company's financial and operational performance, key strategic initiatives, and future outlook.

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The Board of Directors remains committed to maintaining strong corporate governance standards in line with international best practices. The company continues to enhance its Enterprise Risk Management (ERM) framework to mitigate potential risks and improve capital allocation.

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- Partnership initiatives and acquisition of new customers to enhance market presence and service offerings.
- Integration of sustainability, environmental, social, and governance (ESG) factors into business strategies to align with global best practices.

Looking ahead, the company will focus on profitable growth, disciplined underwriting, and leveraging innovation to create long-term value for shareholders.

6. Dividend Policy

The Board has resolved not to distribute cash dividends for the year 2024. This decision aligns with our long-term strategy to strengthen capital reserves and ensure sustainable financial health.

7. Acknowledgments

The Board of Directors extends its sincere appreciation and gratitude to all shareholders, clients, and business partners for their continued support. We also express our deep appreciation to the company's management and employees for their dedication and commitment to the company's success.

We look forward to another successful year ahead, God willing.

For and on behalf of the Board of Directors



Chairman of the Board
Nasser Rashid Abdulaziz Almoalla

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Union Insurance Company P.J.S.C.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Union Insurance Company P.J.S.C. (the "Company"), which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss, statement of other comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "*Auditor's Responsibilities for the Audit of the Financial Statements*" section of our report. We are independent of the Company in accordance with *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Company's financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements of the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our Opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Company for the year ended 31 December 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Union Insurance Company P.J.S.C. (continued)
Report on the Audit of the Financial Statements (continued)
Key Audit Matters (continued)

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Other Information

Management and directors are responsible for the other information. The other information comprises the information included in the Directors' report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Union Insurance Company P.J.S.C. (continued)

Report on the Audit of the Financial Statements (continued)**Responsibilities of the Management and the Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB and their preparation in compliance with the UAE Federal Decree Law No. (32) of 2021, and UAE Federal Law No. (48), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidenced obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Union Insurance Company P.J.S.C. (continued)

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We communicate to those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law and regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

Further, as required by the UAE Federal Decree Law No. (32) of 2021, we report that:

- i) We have obtained all the information we considered necessary for the purposes of our audit;
- ii) The financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021;
- iii) The Company has maintained proper books of account;
- iv) the financial information included in the Directors' report is consistent with the books of account of the Company;
- v) investments in shares and stocks during the year ended 31 December 2024, are disclosed in note 6 to these financial statements;
- vi) Note 11 to the financial statements discloses material related party transactions and balances, and the terms under which they were conducted;
- vii) based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Company has, during the financial year ended 31 December 2024, contravened any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021, or its Articles of Association, which would materially affect its activities or its financial position as at 31 December 2024; and
- viii) The Company did not make any social contribution during the year ended 31 December 2024 as disclosed in note 27.

Further, as required by the UAE Federal Law No. (48) of 2023, we report that we have obtained all the information and explanation we considered necessary for the purpose of our audit.

GRANT THORNTON UAE



Farouk Mohamed
Registration No: 86
Sharjah, United Arab Emirates


March 19, 2025

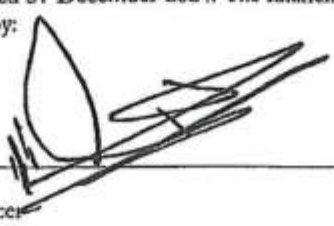
Union Insurance Company P.J.S.C.

Statement of financial position As at 31 December 2024

	Notes	31 December 2024 AED'000	31 December 2023 AED'000 (Restated)
Assets			
Property and equipment	5	3,890	64,195
Intangible assets	17	2,574	3,141
Right-of-use-assets	24.1	912	3,864
Unit-linked assets	6.3	359,176	403,157
Investment securities	6	47,091	72,288
Statutory deposit	7	10,000	10,000
Reinsurance contract assets	14	612,333	524,829
Other receivables	16	55,161	42,966
Bank deposits with original maturities of more than three months	8.1	408,993	294,570
Cash and cash equivalents	8	13,920	38,285
Total assets		1,514,050	1,457,295
Equity and liabilities			
Equity			
Share capital	9	330,939	330,939
Statutory reserve	10.1	21,851	18,020
Special reserve	10.2	21,851	18,020
Fair value reserve	10.3	168	163
Reinsurance reserve	10.4	11,274	9,525
Accumulated losses		(142,745)	(171,641)
Total equity		243,338	205,026
Liabilities			
Provision for employees' end of service benefits	25	12,158	13,954
Insurance contract liabilities	14	818,806	763,770
Reinsurance contract liabilities	14	1,563	1,065
Other payables	18	113,579	103,196
Unit-linked liabilities	13	324,606	370,284
Total liabilities		1,270,712	1,252,269
Total equity and liabilities		1,514,050	1,457,295

To the best of our knowledge, the financial information present fairly in all material respects the financial condition, results of operation and cash flows of the Company as of, and for the year ended 31 December 2024. The financial information was approved by the Board of Directors and signed on their behalf by:


Nasser Rashid Abdulaziz Almoalla
Chairman


Ramez Abou Zaid
Chief Executive Officer

The accompanying notes from 1 to 36 form an integral part of these financial statements.

Union Insurance Company P.J.S.C.

Statement of profit or loss

For the year ended 31 December 2024

	Notes	2024 AED'000	2023 AED'000
Insurance revenue	19	591,417	633,537
Insurance service expenses	20	(522,646)	(428,480)
Insurance service result before reinsurance contracts held		68,771	205,057
Allocation of reinsurance premiums		(338,713)	(386,240)
Amounts recoverable from reinsurance for incurred claims		298,563	182,397
Net expenses from reinsurance contracts held		(40,150)	(203,843)
Insurance service result		28,621	1,214
Interest income		17,036	13,430
Net gain on financial assets at FVTPL		716	1,254
Other investment income		1,982	2,529
Total investment income	22	19,734	17,213
Insurance finance expenses from insurance contracts issued	21	(18,609)	(20,895)
Reinsurance finance income from reinsurance contracts held	21	13,435	23,064
Net insurance financial result		(5,174)	2,169
Net insurance and investment results		43,181	20,596
Other operating expenses - net	23	(1,123)	(23,075)
Profit/(loss) for the year before tax		42,058	(2,479)
Income tax expense	33	(3,751)	-
Profit/(loss) for the year after tax		38,307	(2,479)
Basic and diluted earnings/(loss) after tax per share	26	0.116	(0.007)

The accompanying notes from 1 to 36 form an integral part of these financial statements.

Union Insurance Company P.J.S.C.

Statement of other comprehensive income For the year ended 31 December 2024

	2024 AED'000	2023 AED'000
Profit/(loss) for the year after tax	<u>38,307</u>	<u>(2,479)</u>
Other comprehensive income		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Change in fair value of equity investments held at fair value through other comprehensive income – net of tax	<u>5</u>	<u>(3)</u>
Other comprehensive income/(loss) for the year	<u>5</u>	<u>(3)</u>
Total Comprehensive Income/(Loss) for the Year	<u>38,312</u>	<u>(2,482)</u>

The accompanying notes from 1 to 36 form an integral part of these financial statements.

Union Insurance Company P.J.S.C.

Statement of changes in shareholders' equity For the year ended 31 December 2024

	Share capital AED'000	Statutory reserve AED'000	Special reserve AED'000	Reinsurance reserve AED'000	Fair value reserve AED'000	Accumulated losses AED'000	Total AED'000
Balance as at 1 January 2023	330,939	18,020	18,020	7,406	166	(167,043)	207,508
Loss for the year	-	-	-	-	-	(2,479)	(2,479)
Other comprehensive loss for the year	-	-	-	-	(3)	-	(3)
Total comprehensive loss for the year	-	-	-	-	(3)	(2,479)	(2,482)
Transfer to reinsurance reserve	-	-	-	2,119	-	(2,119)	-
Balance as at 31 December 2023	330,939	18,020	18,020	9,525	163	(171,641)	205,026
Balance as at 1 January 2024	330,939	18,020	18,020	9,525	163	(171,641)	205,026
Profit for the year after tax	-	-	-	-	-	38,307	38,307
Other comprehensive income for the year	-	-	-	-	5	-	5
Total comprehensive income for the year	-	-	-	-	5	38,307	38,312
Transfer to reinsurance reserve	-	-	-	1,749	-	(1,749)	-
Transfer to statutory reserve	-	3,831	-	-	-	(3,831)	-
Transfer to special reserve	-	-	3,831	-	-	(3,831)	-
Balance as at 31 December 2024	330,939	21,851	21,851	11,274	168	(142,745)	243,338

The accompanying notes from 1 to 36 form an integral part of these financial statements

Union Insurance Company P.J.S.C.

Statement of cash flows

For the year ended 31 December 2024

	Notes	2024 AED'000	2023 AED'000
Cash flows from operating activities			
Profit/(loss) for the year before tax		42,058	(2,479)
Adjustments for:			
Depreciation and amortisation		5,200	10,251
(Gain)/loss on disposal of property and equipment		(14,215)	1,298
Gain on disposal of investments at FVTPL	22	275	(833)
Write-off of CWIP		-	673
Unrealised gain on investments at FVTPL	22	(716)	(421)
Interest income	22	(17,036)	(13,430)
Dividend income	22	(3,016)	(3,540)
Interest on lease liabilities	24.2	147	356
Provision for employees' end of service benefits		1,762	2,031
Operating cash flows before changes in working capital		14,459	(6,094)
Change in:			
Reinsurance contract assets		(87,006)	84,148
Insurance contract assets		-	6,395
Other receivables		(12,195)	4,165
Reinsurance contract liabilities		-	(5,290)
Insurance contract liabilities		55,036	(54,597)
Other payables		9,726	27,720
Unit-linked assets		43,981	(53,544)
Unit-linked liabilities		(45,678)	39,489
Cash (used in) / generated from operating activities		(21,677)	42,392
Employees' end of service indemnity paid	25	(3,558)	(2,501)
Net cash (used in)/generated from operating activities		(25,235)	39,891
Cash flows from investing activities			
Purchase of property and equipment and intangible assets		(586)	(926)
Proceeds from sale of property and equipment		73,425	17
Purchase of investments held at FVTPL (excluding unit linked assets)	6.4	(4,485)	(8,942)
Proceeds from disposal of investments held at FVTPL (excluding unit linked assets)	6.4	30,128	14,684
Interest received		17,036	13,430
Dividend received		3,016	3,540
Maturities of fixed deposits with banks with original maturities greater than three months		(114,423)	(225,682)
Net cash generated from/(used) in investing activities		4,111	(203,879)
Cash flows from financing activity			
Payment of lease liabilities	24.2	(3,241)	(3,394)
Net cash used in financing activity		(3,241)	(3,394)
Net change in cash and cash equivalents		(24,365)	(167,382)
Cash and cash equivalents at the beginning of the year	8.1	38,285	205,667
Cash and cash equivalents at the end of the year	8.1	13,920	38,285

The accompanying notes from 1 to 36 form an integral part of these financial statements

Union Insurance Company P.J.S.C.

Notes to the financial statements For the year ended 31 December 2024

1. General information

Union Insurance Company P.J.S.C. (the "Company") is incorporated as a public shareholding company and operates in the United Arab Emirates ("UAE") under a trade license issued by the Government of Dubai. The Company is registered under the UAE Federal Decree Law No. (32) of 2021, relating to commercial companies. The Company is subject to the regulations of the U.A.E. Federal Law No. (48) of 2023, issued by the Central Bank of UAE. The Company is registered with the Insurance Companies Register of the Central Bank of the UAE ("CBUAE") under registration number 67. The Company's registered corporate office is at Single Business Tower, Sheikh Zayed Road, P.O. Box 119227, Dubai, United Arab Emirates ("UAE"). The Company's ordinary shares are listed on the Abu Dhabi Securities Exchange ("ADX").

The principal activity of the Company is the writing of insurance of all types including life assurance. The Company operates through its Head Office in Dubai and Branch Offices in Abu Dhabi, Dubai, Sharjah, Ajman, and Ras Al Khaimah. This financial information has been prepared in accordance with the requirements of the applicable laws and regulations, including the UAE Federal Decree Law No. (32) of 2021.

2. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments that have been measured at revalued amounts, amortised cost or fair value and the provision for employees' end of service indemnity, which is calculated in line with UAE labour laws.

2.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), and in compliance with the applicable requirements of the United Arab Emirates (UAE) Federal Decree Law No. 32 of 2021 ("Companies Law"), relating to commercial companies and United Arab Emirates (UAE) Federal Law No. (48) of 2023 concerning Insurance Law issued by the Central Bank of the UAE ("CBUAE").

2.2 Going concern

The validity of the going concern assumptions is dependent upon future operations and ability of the Company to generate sufficient cash flows to meet its future obligations. The Company has sufficient cash balances as of 31 December 2024 and future plans indicate that the Company will be profitable and will generate sufficient cash flows.

The Company's directors are, therefore, confident that the Company will be able to meet its liabilities as and when they fall due and to carry on its business without a significant curtailment of operations. Accordingly, these financial statements have been prepared on a going concern.

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued)

For the year ended 31 December 2024

2. Basis of preparation (continued)

2.3 Accumulated losses

As at 31 December 2024, the Company's accumulated losses represent 43.13% of the share capital of the Company (31 December 2023: 51.86%). Article 309 of the Federal Decree Law No. 32 of 2021 requires a Company to conduct a meeting of general assembly in case the accumulated losses exceed 50% of a Company's share capital. Accordingly, the Company conducted a general assembly meeting on 11 January 2024 and passed a resolution for continuity of the Company's operations. Further, as per the requirement of this law, the Company has prepared a business plan and submitted it to Securities and Commodities Authority (SCA), along with the reasons for the accumulated losses. A summary of the accumulated losses and Company's strategy to counter the accumulated losses is provided below:

History of accumulated losses:

- **Provision for real estate properties** – An amount of AED 72.3 million represents a provision made during the year ended 31 December 2021 for investment properties purchased from a former related party who failed to fulfil its obligations, in relation to the said asset. A legal action is underway to recover Company's rights under this transaction.
- **Impairment of freehold land** – A decline in the fair value of the freehold land by AED 22.83 million during the year ended 31 December 2021. Originally the land was recorded at AED 82.04 million. Subsequently, an impairment loss was booked due to the decline in the fair value of the land to AED 59.21 million in the prior years.
- **Doubtful receivables from a former related party** – A provision made amounting to AED 26.20 million during the year ended 31 December 2019. This is related to receivables from a former related party, the Company filed a lawsuit in order to recover the amount, however, the lawsuit was not accepted as it was time barred.
- **Initial adoption of IFRS 17 and IFRS 9** - Accumulated losses increased by AED 35.7 million due to the implementation of IFRS 17, which is effective for annual periods starting on or after 1 January 2023 with a full retrospective application. IFRS 9 adoption resulted in an additional increase of AED 10 million in the accumulated losses due to the change from the impairment model applied under IAS 39 to the expected credit losses required by IFRS 9.

The Company has taken following measures to counter its accumulated losses:

- Focus investments towards bank deposits and other short-term investments in order to maintain strong liquidity position.
- Robust credit control measures taken to speed up the recovery process targeted to reduce the expected credit losses recorded by the Company.
- Focus on profitable business segments and discontinuation of Company's life insurance operations which was previously a loss-making portfolio.
- Formation of a board committee specifically responsible to oversee the accumulated losses and ensure execution of the Company's business plan.

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued)

For the year ended 31 December 2024

2. Basis of preparation (continued)

2.4 Application of new and revised International Financial Reporting Standards (“IFRS”)

2.4.1 New and revised IFRSs and interpretations applied on the financial statements

The following relevant standards, interpretations and amendments to existing standards were issued by the IASB:

Standard number	Title	Effective date
IAS 1	Amendment to IAS 1 – Non-current liabilities with covenants and classification of liabilities as current or non-current	1 January 2024
IAS 7	Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements	1 January 2024
IFRS 16	Amendment to IFRS 16 – Leases on sale and leaseback	1 January 2024

These standards did not have a material impact on these financial statements.

2.4.2 Standards issued but not yet effective

The impact of the new standards, interpretations and amendments that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Standard number	Title	Effective date
IAS 21	Amendments to IAS 21 Lack of exchangeability Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2025
IFRS 9 & IFRS 7	Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures regarding the classification and measurement of financial instruments	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027

3. Material accounting policy information

Insurance contracts issued and reinsurance contracts held

Insurance contracts are contracts under which the Company accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur.

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued)

For the year ended 31 December 2024

3. Material accounting policy information (continued)

Insurance contracts issued and reinsurance contracts held (continued)

Level of aggregation

Level of aggregation relates to the unit of account. The unit of account is referred to as a 'Group of Contracts' and requirements relating to level of aggregation define how groups of contracts have to be determined.

The standard has set out the following requirements to determine a group of contracts:

- Portfolio – contracts that have similar risks and that are managed together can be grouped.
- Profitability – contracts with similar expected profitability (at inception or initial recognition) can be grouped.

For this purpose, the standard has mandated at least the following three classifications however it is permitted to use more granular classifications:

- Contracts that are onerous at inception;
- Contracts that are not onerous and have no significant possibility of becoming onerous; and
- All other contracts

Cohorts

Contracts issued more than 12 months apart cannot be grouped together. However, in certain circumstances a one-time simplification upon transition for contracts as at the transition is allowed.

A unique combination of the above three requirements forms a group of contracts i.e., contracts with same portfolio, same expected profitability and issued in the same year can be grouped together. This grouping is permanent and cannot be changed once assigned, regardless of how the actual experience emerges after initial recognition. For instance, as experience emerges an entity may realise that a contract which was thought to be onerous at initial recognition is not onerous, but the grouping will not be changed.

Contract boundary

The Company includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting year in which the Company can compel the policyholder to pay the premiums, or in which the Company has a substantive obligation to provide the policyholder with services.

A substantive obligation to provide services ends when:

- The Company has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or

Both of the following criteria are satisfied:

- The Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and
- The pricing of the premiums for coverage up to the date when the risks are reassessed does not take into account the risks that relate to years after the reassessment date.

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognised. Such amounts relate to future insurance contracts.

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued)

For the year ended 31 December 2024

3. Material accounting policy information (continued)

Insurance contracts issued and reinsurance contracts held (continued)

Recognition

Recognition requirements are slightly different for issued contracts and held contracts. For groups of issued contracts, a group should be recognised at the earliest of the following:

- Beginning of the coverage period;
- Date when the first payment from a policyholder becomes due; and
- For a group of onerous contracts, when the group becomes onerous.

Reinsurance contracts held by an entity are recognised on the earlier of:

- Beginning of the coverage period of the group of reinsurance contracts held; and
- Date the entity recognises an onerous group of underlying insurance contracts provided the reinsurance contract was in force on or before that date.

Regardless of the first point above, the recognition of proportional reinsurance contracts held shall be delayed until the recognition of the first underlying contract issued under that reinsurance contract.

Measurement models

Measurement model, in rudimentary terms, refers to the basis or a set of methodologies for the computation of insurance contract assets and liabilities and associated revenues and expenses. IFRS 17 has provided the following three measurement models:

Premium Allocation Approach ("PAA")

PAA is an optional simplification that an entity can apply to contracts that have a coverage period of up to 12 months or to contracts for which it can demonstrate that the liability for remaining coverage will not be materially different under PAA and GMM. In terms of computations, the major simplification relates to LRC.

Under PAA, it is not required to consider each component of the premium separately instead a single liability can be set up. The components of liability under PAA as at any valuation date can be summarised as follows:

Liability for Remaining Coverage ("LRC")

- Excluding Loss Component
- Loss Component, if any

Liability for Incurred Claims ("LIC")

- Estimates of future cashflows
- Risk adjustment
- Discounting of estimates of future cashflows

All of the Company's short-term business is eligible for this simplification and the Company has adopted this simplification for the eligible business. Under PAA, loss component and claim reserves requires an explicit provision of risk adjustment this would increase the liabilities whereas discounting will generally decrease the liabilities.

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued)

For the year ended 31 December 2024

3. Material accounting policy information (continued)

Insurance contracts issued and reinsurance contracts held (continued)

General Measurement Model ("GMM")

GMM is the default measurement model and is applied to all contracts to which Premium Allocation Approach ("PAA") and Variable Fees Approach ("VFA") are not applied. GMM is based on the premise that premiums (or considerations) for insurance contracts comprises of certain components (such claims, expenses and profits) and that each component needs to be considered according to its nature. The liability under GMM as at any valuation date comprises of the following:

Liability for Remaining Coverage ("LRC")

- Estimates of future cashflows
- Risk adjustment
- Discounting of estimates of future cashflows
- Contractual Service Margin ("CSM")

Liability for Incurred Claims ("LIC")

- Estimates of future cashflows
- Risk adjustment
- Discounting of estimates of future cashflows

Variable Fees Approach ("VFA")

VFA is a mandatory modification to contracts with direct participation features. A contract is a contract with direct participation feature if it meets all three of the following requirements:

- Contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items.
- The entity expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items.
- The entity expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in the fair value of the underlying items.

The components of the liability under VFA are same as GMM and their calculations are quite similar too except for the computation of CSM. Under VFA, CSM calculations reflect the variability related to underlying items, but GMM does not reflect this variability. Similarly, there are some other aspects related to financial risk that impact the CSM under VFA but, not under GMM.

The measurement models have been discussed above are in context of insurance contracts issued and associated liabilities, but same principles are applicable to reinsurance contract held and associated assets (except for VFA). Similarly, both LRC and LIC components are mentioned however, at initial recognition only LRC is applicable.

Company's unit-linked business is measured using VFA, all other long-term business is measured using GMM.

Estimates of future cashflows

The standard requires that future cashflows should be estimated till the end of the contract boundary. End of contract boundary is defined as the point at which an entity can either reassess the risk or consideration i.e., premium. The standard does not provide the methodology for the estimation of future cashflows however, it does provide detailed guidance on the cashflows that are within and beyond the contract boundary. It also provides certain principles in relation to the estimates of future cashflows.

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued)

For the year ended 31 December 2024

3. Material accounting policy information (continued)

Insurance contracts issued and reinsurance contracts held (continued)

Discounting

The standard requires the estimates of future cashflows should be discounted to reflect the effect of time value of money and financial risks. Similar to other provisions it does not specify a methodology for discounting or the derivation of discount rates however, it sets out certain principles. The standard does recognise the following two approaches for the derivation of the discount rates:

- Bottom-Up: An approach where a risk-free rate or yield curve is used and an illiquidity premium is added to reflect the characteristics of the cashflows.
- Top-Down: An approach where the expected yield on a reference portfolio is used and adjustments are applied to reflect the differences between the liability cashflow characteristics and the characteristics of the reference portfolio.

For cashflows that are linked to the underlying items for contracts with direct participation features, the discount rates must be consistent with other estimates used to measure insurance contracts. The above two approaches may have to be adjusted to reflect the variability in the underlying items for such cashflows.

Contractual Service Margin ("CSM")

Contractual Service Margin (CSM) represents the unearned profit the entity will recognise as it provides insurance contract services in the future. At initial recognition CSM is computed using the fulfilment cash flows (FCF) whereas at subsequent measurement CSM is computed using the opening CSM balance and various adjustments relating to the period. A portion of CSM is released to Profit & Loss as revenue in every period using coverage units.

Onerous contracts and loss components

When a group of contracts, whether at initial recognition or subsequently, is or becomes onerous a loss component liability must be maintained. Under GMM and VFA this liability is implicitly included in the FCFs for LRC but for PAA an explicit loss component over the base LRC must be computed and set aside.

Revenue recognition

Insurance revenue and reinsurance expenses – methods and assumptions used in the determination of the contractual service margin (CSM) to be recognised in statement of profit or loss for the insurance contract services provided or received in the year.

For contracts measured under the General Measurement Model (GMM) in which the Company has discretion over the cash flows to be paid to the policyholders, judgement might be involved in the determination of what the Company considers its commitment on initial recognition of such contracts. Further, judgement might be required to distinguish subsequent changes in the fulfilment cash flows (FCF) resulting from changes in the Company's commitment and those resulting from changes in assumptions that relate to the financial risk on that commitment.

Insurance service expenses

Insurance service expenses include the following:

- incurred claims for the year
- other incurred directly attributable expenses
- insurance acquisition cash flow expenses.

An element of time value of money of LIC for the year.

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued)

For the year ended 31 December 2024

3. Material accounting policy information (continued)

Insurance contracts issued and reinsurance contracts held (continued)

Insurance acquisition costs

Insurance acquisition cash flows are the costs that are directly associated with selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) and that are directly attributable to a portfolio of insurance contracts. Directly attributable expenses are the costs that can be fully or partially attributed to the fulfilment of groups of insurance contracts. The Company allocates the attributable costs based on a number of drivers. Both acquisition and attributable costs fall under the insurance service expenses. While non-attributable costs are reported under other operating expenses.

Finance income or expenses from insurance contracts issued

Insurance finance income or expenses Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- Interest accreted on the CSM;
- Interest accreted on the PAA LRC excluding the LC (if adjusted for the financing effect);
- The financing effect on the LC measured under the PAA (if adjusted for the financing effect);
- The effect of changes in FCFs at current rates, when the corresponding CSM unlocking is measured at the locked in rates;
- Any interest charged to or added to insurance / reinsurance asset or liability balances; and
- The effect of changes in interest rates and other financial assumptions.

For all groups of contracts, the Company disaggregates insurance finance income or expenses for the period between profit or loss and other comprehensive income (that is, the OCI option is applied). The finance income and expenses from insurance contracts issued recognised in the statement of profit or loss reflects the unwind of the liabilities at the locked-in rates. The remaining amount of finance income and expenses from insurance contracts issued for the period is recognised in OCI.

Key Accounting Policy Choices

IFRS 17 requires Company to make various accounting policy choices. The key accounting policy choices made by the Company are described below.

Accounting Policy	Company Decision
Level of Aggregation – Adopting more granular profitability	Company adopted the minimum three classifications provided in the standard and not use more granular classifications.
Level of Aggregation – Adopting more granular cohort	Company is using annual cohorts and not shorter cohorts.
PAA – Deferring insurance acquisition cashflows	Under PAA, in some circumstances, it is allowed to recognise insurance acquisition cashflows as expense when incurred however, the Company does not apply this choice instead it defers all insurance acquisition cashflows.
PAA – Discounting LIC	Under PAA, in some circumstances, it is allowed not to discount the LIC, but Company is not using this option and discounts all LIC.
Interest Accretion – OCI Option	The standard allows that finance expense to be split between OCI, and P&L. Company aims to reflect entire finance expense in the P&L and plans not to split between OCI and P&L.

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued)

For the year ended 31 December 2024

3. Material accounting policy information (continued)

Other revenue recognition

(a) Interest income

Interest income and expense for all interest-bearing financial instruments is calculated by applying the effective interest rate to the gross carrying amount of the financial instrument, except for financial assets that have subsequently become credit-impaired (or stage 3), for which interest income is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision) and are recognised within 'interest income' in the statement of profit or loss.

(b) Dividend income

Dividend income from investments is recognised in the statement of profit or loss when the Company's right to receive dividend has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

(c) Reinsurance commission earned

Commissions earned are recognised fully at the time the related insurance contracts are written.

Foreign currencies

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Company's financial statements are presented in United Arab Emirates Dirham ("AED"), which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in the statement of profit or loss. Foreign exchange gains and losses are presented in the statement of profit or loss, within "Administrative expenses".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in statement of other comprehensive income.

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued)

For the year ended 31 December 2024

3. Material accounting policy information (continued)

Segment reporting

For management purposes, the Company is organised into two business segments based on their products and services and has two business segments as follows:

- (a) The general insurance segment comprises of property, fire, marine, motor, medical, general accident and miscellaneous risks.
- (b) The life assurance segment offers short term and long term life insurance. Revenue from this segment is derived primarily from insurance premium, fees and commission income, investment income and fair value gains and losses on investments.

No operating segments have been aggregated to form the above reportable operating segments. Segment performance is evaluated based on profit or loss which, in certain respects, is measured differently from profit or loss in the financial statements. No inter-segment transactions occurred during the year ended 31 December 2024 and 2023. If any transaction were to occur, transfer prices between operating segments would be set on an arm's length basis in a manner similar to transactions with third parties.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The two operating segments i.e. General Insurance and Life Insurance segments, organised under two Presidents who report into the Chief Executive Officer. The Board and its various committees have oversight on the overall operations of the company.

Property and equipment

Property and equipment comprises of freehold land, furniture and fixture, office equipment, motor vehicles, computer equipment and capital work in progress.

Property and equipment is carried at historical cost, less accumulated depreciation any recognised impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items. These assets are classified to the appropriate categories of property and equipment when completed and ready for their intended use. Depreciation of these assets, on the same basis as other property and equipment, commences when the assets are ready for their intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of profit or loss during the reporting period in which they are incurred.

Freehold land is not depreciated.

Capital work in progress is stated at the lower of cost or net realisable value. The cost includes the cost of construction and other related expenditure which are capitalised as and when activities that are necessary to get the assets ready for use are in progress. Net realisable value represents the estimated recoverable value based on expected future usage. Management reviews the carrying values of the capital work in progress on an annual basis.

Capital work in progress are considered to be completed when all related activities, for the entire assets have been completed. Upon completion, those are transferred to property and equipment.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued)

For the year ended 31 December 2024

3. Material accounting policy information (continued)

Property and equipment (continued)

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the statement of profit or loss as the expense is incurred.

Depreciation is recognised so as to write off the cost of assets, other than capital work in progress, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The useful life considered in calculation of depreciation for all the assets is as follows:

- Office equipment & computer equipment - 5 years
- Motor vehicles - 4 years
- Furniture and fixtures - 12 years

Intangible assets

Intangible assets including software and license fee for access to know how.

(a) Software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of directly attributable overheads.

The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The useful lives considered in the calculation of amortisation is 5 years.

(b) License know how

Licenses know how is shown at historical cost. It has a definite useful life and is carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method to allocate the cost license over their estimated useful lives i.e. 5 years.

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued)

For the year ended 31 December 2024

3. Material accounting policy information (continued)

Leases

The Company leases office premises. Rental contract of the leases range from 1 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreement does not impose any covenants, but leased assets cannot be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability within "Insurance and other payables" at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right-of-use asset is depreciated over shorter of the asset's useful life or the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate,
- amounts expected to be payable by the lessee under residual value guarantees; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income.

Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For buildings, the following factors are normally the most relevant.

- if there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate);
- if any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate); and
- otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. Termination option is included in the property lease of the Company. This option held is exercisable by the Company and the lessor. Payments associated with short-term leases of premises are recognised on a straight-line basis as an expense in statement of profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued)

For the year ended 31 December 2024

3. Material accounting policy information (continued)

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders.

Financial instruments

(a) Investments and other financial assets

(i) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in statement of profit or loss or statement of other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

All "regular way" purchases and sales of financial assets are recognised on the "trade date", i.e. the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Company classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is calculated using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in 'Net investment income/ (loss)' together with foreign exchange gains and losses. Impairment losses are included within 'Net investment income/(loss)' in the statement of profit or loss.
- **FVTPL:** Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in the income statement and is presented net within 'Net investment income' in the period in which it arises.

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued)

For the year ended 31 December 2024

3. Material accounting policy information (continued)

Financial instruments (continued)

(a) Investments and other financial assets (continued)

(iii) Measurement (continued)

- **FVTOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Net investment income'. Interest income from these financial assets is calculated using the effective interest rate method. Foreign exchange gains and losses are presented in 'Net investment income'.

Equity investments

The Company subsequently measures all equity investments at FVTPL, except where the Company's management has elected, at initial recognition, to irrevocably designate an equity investment at FVTOCI. The Company's policy is to designate equity investments at FVTOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as "Net investment income / (loss)" when the Company's right to receive payments is established.

The unit-linked assets include investments held on behalf of policyholders of unit linked products, financial assets from reinsurer towards policyholders of unit linked products contracts and cash held on behalf of policyholders. Investments held on behalf of policyholders of unit linked products and financial assets from reinsurer towards policyholders of unit linked products contracts are accrued to the account of the contract holder at the fair value of the net gains arising from the underlying linked assets. All these contracts are designated as at fair value through profit or loss and were designated in this category upon initial recognition. Cash held on behalf of policyholders are designated as amortised cost investment designated in this category upon initial recognition.

Impairment and uncollectibility of financial assets

The Company assesses the collectability of its financial assets based on its credit policy and default events. Refer to (b) below for impairment of insurance and other receivables.

(b) Insurance and other receivables

Impairment of financial assets

The Company applies a three-stage approach to measuring expected credit losses (ECL) on financial assets carried at amortised cost and debt instruments classified as FVOCI. Assets migrate through the three stages based on the change in credit quality since initial recognition.

Overview

The Company is recording the allowance for expected credit losses for debt financial assets not held at FVTPL. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss ("12mECL"). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued)

For the year ended 31 December 2024

3. Material accounting policy information (continued)

Financial instruments (continued)

(b) *Insurance and other receivables (continued)*

Impairment of financial assets (continued)

Overview (continued)

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Company categorizes its FVOCI assets into stages as described below:

- Stage 1: When financial instruments are first recognised, the Company recognises an allowance based on 12 month ECLs. Stage 1 also include financial instruments where the credit risk has improved and the has been reclassified from Stage 2.
- Stage 2: When a financial instrument has shown a significant increase in credit risk since origination, the Company records an allowance for the lifetime ECLs. Stage 2 also include instruments, where the credit risk has improved, and the loan has been reclassified from Stage 3.
- Stage 3: Includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognised and treated, along with the interests calculated. When transitioning financial assets from stage 2 to stage 3, the percentage of provision made for such assets should not be less than the percentage of provision made before transition. Purchased or originated credit impaired assets are financial assets that are credit impaired on initial recognition and are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

For financial assets for which the Company has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset. The accounts which are restructured due to credit reasons in past 12 months will be classified under stage 2.

The calculation of ECLs

The Company calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive. The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- The Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon.
- The Exposure at Default ("EAD ") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date.
- The Loss Given Default ("LGD") is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that are expected to receive, including from the realisation of any collateral.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value. The mechanics of the ECL method are summarised below:

- Stage 1: The 12 month ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12 month ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued)

For the year ended 31 December 2024

3. Material accounting policy information (continued)

Financial instruments (continued)

(b) Insurance and other receivables (continued)

Impairment of financial assets (continued)

The calculation of ECLs (continued)

Stage 2: When a financial asset has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3: For financial asset considered credit-impaired, the Company recognises the lifetime expected credit losses for these financial assets. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Debt instruments measured at fair value through OCI

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in other comprehensive income as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in other comprehensive income is recycled to the profit or loss upon derecognition of the assets.

Forward looking information

The Company, for forward looking information, relies on a broad range of forward looking information as economic inputs, such as:

- GDP growth
- Oil prices

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

(c) Financial liabilities

The Company recognises a financial liability when it first becomes a party to the contractual rights and obligations in the contract.

All financial liabilities are initially recognised at fair value, minus (in the case of a financial liability that is not at FVTPL) transaction costs that are directly attributable to issuing the financial liability. Financial liabilities are measured at amortised cost, unless the Company opted to measure a liability at FVTPL.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Financial liabilities included in insurance and other payables are recognised initially at fair value and subsequently at amortised cost. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued)

For the year ended 31 December 2024

3. Material accounting policy information (continued)

Financial instruments (continued)

(c) Financial liabilities (continued)

Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. Income and expense will not be offset in the statement of profit or loss unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Company.

(d) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value less overdrafts with banks. Bank overdrafts are shown within liabilities in the statement of financial position.

(e) Bank deposits with banks with original maturities of more than three months

Deposits held with banks with original maturities of more than three months are initially measured at fair value and subsequently measured at amortised cost.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using discount rates that reflect current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

These calculations are corroborated by valuation multiples or other available fair value indicators. Impairment losses are recognised in the statement of profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued)

For the year ended 31 December 2024

3. Material accounting policy information (continued)

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Income tax

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary difference when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued)

For the year ended 31 December 2024

3. Material accounting policy information (continued)

Employees' end of service benefits

The Company provides end of service benefits to its expatriate employees in accordance with the UAE Labor Law.

The entitlement to these benefits is based upon the employees' salary and the length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

Defined contribution plan for UAE national employees

The Company is a member of the pension scheme operated by the Federal Pension General and Social Security Authority. Contributions for eligible UAE National employees are made and charged to the statement of profit or loss, in accordance with the provisions of Federal Law No. 7 of 1999 relating to pension and Social Security Law. The employees and the Government contribute 5% and 2.5% of the "contribution calculation salary" respectively, to the scheme. The only obligation of the Company with respect to the retirement pension and social security scheme is to make the specified contributions. The contributions are charged to statement of profit or loss.

An accrual has been made for the past contributions relating to the services rendered by the eligible UAE National employees up to 31 December 2024. The Company has no further payment obligations once the contributions have been paid.

Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Company if that person:
 - (i) Has control or joint control over the Company;
 - (ii) Has significant influence over the Company; or
 - (iii) Is a member of the key management personnel of the Company or of a parent of the Company.
- (b) An entity is related to the Company if any of the following conditions applies:
 - (i) The entity and the Company are members of the same Company (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Company of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
 - (vi) The entity is controlled or jointly controlled by a person identified in (a);
 - (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued)

For the year ended 31 December 2024

3. Material accounting policy information (continued)

Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds.

4. Critical accounting judgements and key sources of estimation of uncertainty

In the application of the Company's accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The sensitivities for life insurance contracts are disclosed in note 28.

Significant areas where management has used estimates, assumptions or exercised judgements are as follows:

Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVTOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining the criteria for significant increase in credit risk;
- Determining the criteria and definition of default;
- Choosing appropriate models and assumptions for the measurement of ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Estimates of future cash flows to fulfill insurance contracts

Included in the measurement of each group of contracts within the scope of IFRS 17, are all future cash flows within the boundary of each group of contracts. The estimates of these future cash flows are based on probability-weighted expected future cash flows which includes the expected premium receipts and ultimate cost of claims. The ultimate cost of claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods.

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development.

In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims. The Company also has the right to pursue third parties for payment of some or all costs. Estimates of salvage recoveries and subrogation reimbursements are considered as an allowance in the measurement of ultimate claims costs.

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued)

For the year ended 31 December 2024

4. Critical accounting judgements and key sources of estimation of uncertainty (continued)

Assessment of significance of insurance risk

The Company applies its judgement in assessing whether a contract transfers to the issuer significant insurance risk. A contract transfers significant insurance risk only if an insured event could cause the Company to pay additional amounts that are significant in any single scenario and only if there is a scenario that has commercial substance in which the issuer has a possibility of a loss on a present value basis upon an occurrence of the insured event, regardless of whether the insured event is extremely unlikely.

Risk adjustment

The risk adjustment for non-financial risk is the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

The Company has estimated the risk adjustment using a confidence level (probability of sufficiency) approach at the 75th percentile. That is, the Company has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 75th percentile confidence level less the mean of an estimated probability distribution of the future cash flows. The Company has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.

Onerous groups

The Company uses significant judgement to determine at what level of granularity the Company has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment.

Discounting

The Company adjusts the carrying amount of the insurance contracts liabilities and reinsurance contracts assets to reflect the time value of money and the effect of financial risk using discount rates that reflect the characteristics of the cash flows of the group of contracts.

Discount rates applied for discounting of future cash flows are listed below:

	1 year		3 years		5 years		10 years	
	2024	2023	2024	2023	2024	2023	2024	2023
Discount rate used	6.04%	6.81%	6.15%	6.72%	6.26%	6.04%	6.49%	5.85%

Under the bottom-up approach, the discount rate is determined as the risk-free yield, adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an 'illiquidity premium'). The risk-free curve itself will either be derived by the Company from risk free assets in the market, or the Company may choose to apply a published risk-free yield curve. The top-down approach starts with the determination of a reference portfolio. The reference portfolio yield will be taken as the yield on the underlying items to which the liability cashflows are linked.

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued) For the year ended 31 December 2024

5. Property and equipment

	As at 31 December 2024 AED'000	As at 31 December 2023 AED'000
Operating assets (Note 5.1)		
Capital work-in-progress (CWIP)	3,890	64,018
Property and equipment	-	177
	<u>3,890</u>	<u>64,195</u>

5.1 Operating assets

	Freehold land AED'000	Furniture and fixtures AED'000	Office equipment AED'000	Motor vehicles AED'000	Computer equipment AED'000	Total AED'000
Cost						
1 January 2024	61,067	12,905	2,901	794	10,563	88,230
Additions	-	30	-	-	74	104
Disposal*	(59,211)	-	-	-	-	(59,211)
31 December 2024	<u>1,856</u>	<u>12,935</u>	<u>2,901</u>	<u>794</u>	<u>10,637</u>	<u>29,123</u>
Accumulated depreciation						
1 January 2024	-	10,854	2,780	769	9,809	24,212
Charge for the year	-	662	54	11	294	1,021
31 December 2024	<u>-</u>	<u>11,516</u>	<u>2,834</u>	<u>780</u>	<u>10,103</u>	<u>25,233</u>
Carrying amount						
31 December 2024	<u>1,856</u>	<u>1,419</u>	<u>67</u>	<u>14</u>	<u>534</u>	<u>3,890</u>

*During the year the Board of Directors in its meeting have approved the sale of plot of land in Meydan located in Ras Al Khor Industrial Area. Accordingly, the Company has received net proceeds of AED 73.44 million which resulted in a gain of AED 14.2 million.

Notes to the financial statements (continued)
For the year ended 31 December 2024

5. Property and equipment (continued)

5.1 Operating assets (continued)

<i>Cost</i>	Freehold land AED'000	Furniture and fixtures AED'000	Office equipment AED'000	Motor vehicles AED'000	Computer equipment AED'000	Total AED'000
1 January 2023	61,067	16,965	2,930	865	10,244	92,071
Additions	-	-	3	-	319	322
Disposals	-	(4,060)	(32)	(71)	-	(4,163)
31 December 2023	61,067	12,905	2,901	794	10,563	88,230
<i>Accumulated depreciation</i>						
1 January 2023	-	12,690	2,724	828	9,507	25,749
Charge for the year	-	927	70	12	302	1,311
Relating to disposals	-	(2,763)	(14)	(71)	-	(2,848)
31 December 2023	-	10,854	2,780	769	9,809	24,212
<i>Carrying amount</i>						
31 December 2023	61,067	2,051	121	25	754	64,018

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued) For the year ended 31 December 2024

6. Investment securities and unit linked assets

Investment securities comprise the following:

	As at 31 December 2024 AED'000	As at 31 December 2023 AED'000
Financial assets at fair value through profit or loss (6.1)	47,062	72,264
Financial assets at fair value through other comprehensive income (6.2)	29	24
	<u>47,091</u>	<u>72,288</u>
Unit linked assets (6.3)	<u>359,176</u>	<u>403,157</u>

6.1 Financial assets at fair value through profit or loss

	As at 31 December 2024 AED'000	As at 31 December 2023 AED'000
Quoted equity securities in U.A.E.	42,286	64,076
Quoted equity securities outside U.A.E.	535	598
Quoted bonds in U.A.E.	2,762	6,106
Unquoted equity securities outside U.A.E.	127	134
Unquoted equity securities in U.A.E.	1,352	1,350
Fair value at the end of the year	<u>47,062</u>	<u>72,264</u>

Investments classified at fair value through profit or loss are designated in this category upon initial recognition.

The bonds carry interests at the rates of 3.70% to 6.05% (31 December 2023: 3.62% to 5.87%) per annum. The bonds are redeemable at par from 2025 to 2026 (31 December 2023: 2024 to 2026) based on their maturity dates. There are no significant concentrations of credit risk to a single counter party for debt instruments and the carrying amount reflected above represents the Company's maximum exposure to credit risk for such assets.

6.2 Investments at fair value through other comprehensive income

	As at 31 December 2024 AED'000	As at 31 December 2023 AED'000
Quoted equity securities in U.A.E.	29	24
	<u>29</u>	<u>24</u>

Investments classified at fair value through other comprehensive income are designated in this category upon initial recognition.

During the year ended 31 December 2024, the Company did not dispose any equity investments held at fair value through other comprehensive income (31 December 2023: Nil) in line with the Company's investment strategy.

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued) For the year ended 31 December 2024

6. Investment securities and unit linked assets (continued)

6.3 Unit linked assets

	As at 31 December 2024 AED'000	As at 31 December 2023 AED'000
Investments held on behalf of policyholders of unit linked products carried at FVTPL	203,960	235,692
Financial assets due from reinsurer towards policyholders of unit-linked products carried at FVTPL	142,896	153,589
Cash held on behalf of policyholders of unit linked products carried at amortised cost	12,320	13,876
	<u>359,176</u>	<u>403,157</u>

6.4 Movement in the financial investments

	FVTPL AED'000	FVTOCI AED'000	Total AED'000
At 1 January 2023	76,752	27	76,779
Purchases	8,939	-	8,939
Disposals	(14,681)	-	(14,681)
Changes in fair value	421	(3)	418
Realised gain	833	-	833
As at 31 December 2023	72,264	24	72,288
Purchases	4,385	-	4,385
Disposals	(30,028)	-	(30,028)
Changes in fair value	716	5	721
Realised loss	(275)	-	(275)
As at 31 December 2024	<u>47,062</u>	<u>29</u>	<u>47,091</u>

7. Statutory deposit

The statutory deposit of AED 10 million (31 December 2023: AED 10 million) is required to be placed by insurance companies operating in the U.A.E. with the designated national banks. This deposit has been pledged to the bank as security against a guarantee issued by the bank in favour of the CBUAE for the same amount.

Statutory deposits, which depend on the nature of insurance activities, cannot be withdrawn except with the prior approval of the CBUAE in accordance with Article 42 of Federal Law No. 6 of 2007 (now, UAE Federal Law No. 48 of 2023).

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued) For the year ended 31 December 2024

8. Cash and cash equivalents

	As at 31 December 2024 AED'000	As at 31 December 2023 AED'000
Cash on hand	35	35
Bank balances:		
Current accounts with banks	13,885	38,250
Bank deposits with original maturities of three months or less	-	-
Cash and cash equivalents for the purpose of the statement of cash flows	<u>13,920</u>	<u>38,285</u>
In U.A.E.	13,920	38,285
Outside U.A.E.	<u>-</u>	<u>-</u>
	<u>13,920</u>	<u>38,285</u>

There are no bank deposits with original maturities of three months or less as of 31 December 2024. (2023: AED Nil).

8.1 Bank deposits with original maturities of more than three months

	As at 31 December 2024 AED'000	As at 31 December 2023 AED'000
Deposits with original maturities greater than three months	<u>408,993</u>	<u>294,570</u>
In U.A.E.	408,599	294,219
Outside U.A.E.	<u>394</u>	<u>351</u>
	<u>408,993</u>	<u>294,570</u>

Bank deposits carried interest rates ranging from 2.5% to 6% per annum (31 December 2023: 2.5% to 5.75% per annum).

Bank deposits of AED 45 million (31 December 2023: AED 45 million) have been pledged as security against the credit facility which is to manage the liquidity position.

The Company has obtained overdrafts facilities from commercial banks in the UAE amounting to AED 25 million (31 December 2023: AED 25 million) which carry interest rate of 1% per annum above the highest interest rate payable on fixed deposits under lien for the overdraft facility; or as varied by notice in writing received from the bank from time to time. Unused credit facilities amounted to AED 25 million (31 December 2023: AED 25 million).

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued) For the year ended 31 December 2024

9. Share capital

	As at 31 December 2024 AED'000	As at 31 December 2023 AED'000
Issued and fully paid 330,939,180 shares of AED 1 each (31 December 2023: 330,939,180 share of AED 1 each)	<u>330,939</u>	<u>330,939</u>

10. Reserves

10.1 Statutory reserve

In accordance with the Federal Law No. 48 of 2023 and the Company's Article of Association, the Company has resolved not to increase the statutory reserve above an amount equal to 50% of its paid up share capital. The Company transfers 10% of the profits for each year to the statutory reserve. The Company transferred AED 3,831 thousand during the year ended 31 December 2024 (2023: AED Nil). The reserve is not available for distribution except in the circumstances stipulated by the law.

10.2 Special reserve

In accordance with the Company's Articles of Association, the Board of Directors may transfer 10% of annual net profits, if any, to a special reserve until an Ordinary General Meeting upon a proposal suspends it. The special reserve can be utilised for the purposes determined by the Ordinary General Meeting upon recommendations of the Board of Directors. The Company transferred AED 3,831 thousand during the year ended 31 December 2024 (2023: AED Nil).

10.3 Fair value reserve

The fair value reserve comprises the cumulative net change in fair value of financial assets designated as fair value through other comprehensive income.

10.4 Reinsurance reserve

In accordance with Article 34 of the UAE Central Board of Directors Decision No. (23) of 2019, the Company has transferred AED 1,749 thousand from the 'Accumulated losses' to the 'Reinsurance reserve' being 0.5% of the total insurance premium ceded to reinsurers during the year ended 31 December 2024 (year ended 31 December 2023: AED 2,119 thousand). The Company shall accumulate such provision year on year and shall not dispose of the reserve without the written approval of the director general within the CBUAE.

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued) For the year ended 31 December 2024

11. Related party balances and transactions

The Company, in the normal course of business, collects premiums, settles claims and enters into transactions with other business enterprises that fall within the definition of a related party as defined by International Accounting Standard 24. Related parties include the Company's major Shareholders, Directors and businesses controlled by them and their families over which they exercise significant management influence as well as key management personnel. The Company's management believes that the terms of such transactions are not significantly different from those that could have been obtained from third parties.

At the end of the reporting year, amounts due from/(to) related parties which are included in the respective account balances are detailed below:

	As at 31 December 2024 AED'000	As at 31 December 2023 AED'000
<i>Balances with entities related to Board members</i>		
Gross outstanding claims (included in insurance contract liabilities)	450	468
Fixed deposits	197,009	45,408
Bank account	5,100	6,105
<i>Balances with former major shareholder</i>		
Insurance premium receivable (netted from insurance contract liability)	26,603	26,603
Provision for expected credit losses	(26,360)	(26,360)
Net	243	243
Investment properties reclassified to "Advance paid for purchase of real estate properties"	72,270	72,270
Reversal of net fair value gains recorded in prior years	(35,770)	(35,770)
Advance paid for purchase of real estate properties*	36,500	36,500
Provision on advance paid for purchase of real estate properties	(36,500)	(36,500)
	-	-

The amounts outstanding are unsecured, interest free and repayable on demand. No guarantees have been given to the related parties.

* The amount under the advance paid for real estate properties (AED 36.5 million) was represented as Investment Properties with a carrying value in the books of AED 72.3 million in the audited financial statements for the year ended 31 December 2020. The said asset represents purchased assets from related parties during the years 2013 and 2014. The purchased assets comprise a 60 residential unit in a single building and a plot of land of 150,000 square feet with integrated infrastructure. For one of the assets, the agreement was entered in 2013 to purchase 150,000 square feet of the land, which was reduced to 56,800 square feet and later amended to 78,900 square feet based on the instruction received from the former Chairman who was also the representative of the related party.

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued) For the year ended 31 December 2024

11. Related party balances and transactions (continued)

Balances with former major shareholder (continued)

The counterparties (related parties) to the above transactions never fulfilled their obligations to the Company (the Buyer), and as a result the Company did not obtain the title deeds nor obtain possession of the said assets. This has resulted in the incorrect recognition of fair value gains of AED 35.8 million on investment properties in respect of which the Company never obtained possession or legal title, and the misappropriation of advances amounting to AED 36.5 million paid to a related party towards the acquisition of the investment properties. Accordingly, the Board of Directors of the Company decided to book a full provision (AED 72.3 million) against the said assets and proceed with legal action against all involved parties, to recover the Company's rights, in accordance with the resolution of Shareholders Assembly Meeting held on 30 September 2021.

During the year, the Company entered into the following transactions with related parties:

	For the year ended 31 December	
	2024 AED'000	2023 AED'000
<i>Transactions with entities related to Board members</i>		
Insurance contracts issued (included in insurance revenue)	267	349
Claims paid (included in insurance service expenses)	112	206
FD interest income from Bank of Umm Al-Quwain	3,505	1,524
Bank charges	177	100
Rental paid	821	825
Allocation of reinsurance premium	19	298
<i>Compensation of key management personnel</i>		
Short-term benefits (included in insurance service expenses)	1,440	2,300
Long-term benefits (included in insurance service expenses)	42	183
Board of Directors' fees	1,650	1,350

12. Contingent liabilities

	As at 31 December 2024 AED'000	As at 31 December 2023 AED'000
Letters of guarantee*	10,496	11,448

*Includes AED 10 million (31 December 2023: AED 10 million) issued in favor of the CBUAE (Note 7).

The Company, in common with the majority of insurers, is subject to litigation in the normal course of its business. Based on independent legal advice, the Company considers that the outcome of the outstanding court cases will not have a material impact on the Company's financial statements.

13. Unit linked liabilities

The Company issues unit linked policies which have both insurance risk and investment components. The investment portion is invested on behalf of the policyholders as disclosed in note 6.3 to these financial statements.

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued) For the year ended 31 December 2024

13. Unit linked liabilities (continued)

Movement during the year:

	As at 31 December 2024 AED'000	As at 31 December 2023 AED'000
Payables to policyholders' of unit-linked products	359,176	403,157
Payables classified under insurance contract liabilities*	(34,570)	(32,873)
	<u>324,606</u>	<u>370,284</u>

*Under IFRS 17, the liabilities for unit linked policies with significant insurance risk are included within the calculation of the insurance contract liabilities amounting to AED 34,570 thousand (31 December 2023: 32,873 thousand).

14. Insurance and reinsurance contract assets

The breakdown of groups of insurance and reinsurance contracts issued, and reinsurance contracts held, that are in an asset position and those in a liability position is set out in the table below:

	31 December 2024			31 December 2023 (Restated)		
	Assets AED'000	Liabilities AED'000	Net AED'000	Assets AED'000	Liabilities AED'000	Net AED'000
Insurance contracts issued						
Life	-	192,658	192,658	-	196,452	196,452
General	-	626,148	626,148	-	567,318	567,318
Total insurance contracts issued	-	818,806	818,806	-	763,770	763,770
Reinsurance contracts held						
Life	(123,056)	1,563	(121,493)	(131,415)	1,065	(130,350)
General	(489,277)	-	(489,277)	(393,414)	-	(393,414)
Total reinsurance contracts held	(612,333)	1,563	(610,770)	(524,829)	1,065	(523,764)

The roll-forward of the net asset or liability for insurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims, is disclosed in the next page.

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued)

For the year ended 31 December 2024

14. Insurance and reinsurance contract assets (continued)

Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims

Contracts measured under the PAA:

31 December 2024	Liabilities for remaining coverage		Liabilities for incurred claims		Total AED'000
	Excluding loss component AED'000	Loss component AED'000	Estimates of the present value of future cash flows AED'000	Risk adjustment AED'000	
Insurance contract liabilities as at 1 January	(22,672)	1,500	619,712	22,270	620,810
Net Insurance contract liabilities as at 1 January 2024	(22,672)	1,500	619,712	22,270	620,810
Insurance revenue	(578,749)	-	-	-	(578,749)
Insurance service expenses					
Incurred claims and other expenses	-	-	425,102	8,090	433,192
Amortisation of insurance acquisition cash flows	48,644	-	-	-	48,644
Losses on onerous contracts and reversals	-	12,652	-	-	12,652
Changes to liabilities for incurred claims	-	-	25,023	(6,684)	18,339
Insurance service result	(530,105)	12,652	450,125	1,406	(65,922)
Insurance finance expenses	-	-	15,675	(10)	15,665
Total changes in the statement of comprehensive income	(530,105)	12,652	465,800	1,396	(50,257)
Cash flows					
Premiums received	577,878	-	-	-	577,878
Claims and other expenses paid	-	-	(425,102)	-	(425,102)
Insurance acquisition cash flows	(49,648)	-	-	-	(49,648)
Total cash flows	528,230	-	(425,102)	-	103,128
Net insurance contract liabilities as at 31 December 2024	(24,547)	14,152	660,410	23,666	673,681
31 December 2023 (Restated)					
Insurance Contract Liabilities as at 1 January	59,965	2,068	623,349	26,007	711,389
Insurance Contract Assets as at 1 January	105,513	-	(67,273)	(758)	37,482
Insurance contract liabilities as at 1 January 2023	(45,547)	2,068	690,622	26,765	673,908
Insurance revenue	(603,121)	-	-	-	(603,121)
Insurance service expenses					
Incurred claims and other expenses	-	-	453,047	-	453,047
Amortisation of insurance acquisition cash flows	57,859	-	-	-	57,859
Losses on onerous contracts and reversals	-	(569)	-	-	(569)
Changes to liabilities for incurred claims	-	-	(95,849)	(4,452)	(100,301)
Insurance service result	(545,262)	(569)	357,198	(4,452)	(193,085)
Insurance finance expenses	-	-	24,939	(43)	24,896
Total changes in the statement of comprehensive income	(545,262)	(569)	382,137	(4,495)	(168,189)
Cash flows					
Premiums received	633,947	-	-	-	633,947
Claims and other expenses paid	-	-	(453,047)	-	(453,047)
Insurance acquisition cash flows	(65,809)	-	-	-	(65,809)
Total cash flows	568,138	-	(453,047)	-	115,091
Net insurance contract liabilities as at 31 December 2023	(22,672)	1,500	619,712	22,270	620,809

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued) For the year ended 31 December 2024

14. Insurance and reinsurance contract assets (continued)

Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)

Analysis by measurement component – Contracts not measured under the PAA:

31 December 2024	Estimates of present value of future cash flows AED'000	Risk adjustment for non-financial risk AED'000	CSM Contracts under modified retrospective transition approach AED'000	Total AED'000
Insurance contract liabilities as at 1 January 2024	116,605	14,129	12,225	142,959
Changes that relate to current services				
CSM recognised for services provided	-	-	(1,280)	(1,280)
Change in risk adjustment for non-financial risk for risk expired	-	(633)	-	(633)
Experience adjustments	(2,336)	-	-	(2,336)
Changes that relate to future services				
Contracts initially recognised in the year	87	17	10	114
Changes in estimates that adjust the CSM	(398)	(951)	1,349	-
Changes in estimates that result in losses and reversals of losses on onerous contracts	86	(396)	-	(310)
Changes that relate to past services				
Adjustments to liabilities for incurred claims	1,592	-	-	1,592
Insurance service result	(969)	(1,963)	79	(2,853)
Net finance expenses from insurance contracts	3,803	294	354	4,451
Total changes in the statement of profit or loss and OCI	2,834	(1,669)	433	1,598
Cash flows				
Premiums received	12,519	-	-	12,519
Claims and other directly attributable expenses paid	(11,951)	-	-	(11,951)
Insurance acquisition cash flows paid	-	-	-	-
Total cash flows	568	-	-	568
Net insurance contract liabilities as at 31 December 2024	120,007	12,460	12,658	145,125

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued)

For the year ended 31 December 2024

14. Insurance and reinsurance contract assets (continued)

Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)

Analysis by measurement component – Contracts not measured under the PAA (continued):

	Estimates of present value of future cash flows AED'000	Risk adjustment for non-financial risk AED'000	CSM Contracts under modified retrospective transition approach AED'000	Total AED'000
31 December 2023 (Restated)				
Insurance contract liabilities as at 1 January	64,772	18,033	55,256	138,061
Changes that relate to current services				-
CSM recognised for services provided	-	-	(1,452)	(1,452)
Change in risk adjustment for non-financial	-	(1,652)	-	(1,652)
Experience adjustments	(12,057)	-	-	(12,057)
Changes that relate to future services				
Contracts initially recognised in the year	(3,058)	1,718	2,486	1,146
Changes in estimates that adjust the CSM	49,177	(3,106)	(46,070)	(1)
Changes in estimates that result in losses and reversals of losses on onerous contracts	5,025	(1,456)	-	3,569
Changes that relate to past services				
Adjustments to liabilities for incurred claims	(1,527)	-	-	(1,527)
Insurance service result	37,560	(4,496)	(45,036)	(11,972)
Net finance expenses from insurance contracts	2,751	592	2,004	5,347
Total changes in the statement of profit or loss	40,311	(3,904)	(43,032)	(6,625)
Cash flows				
Premiums received	31,386	-	-	31,386
Claims and other directly attributable expenses paid	(18,639)	-	-	(18,639)
Insurance acquisition cash flows paid	(1,225)	-	-	(1,225)
Total cash flows	11,522	-	-	11,522
Net insurance contract liabilities as at 31 December 2023	116,605	14,129	12,225	142,961

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued) For the year ended 31 December 2024

14. Insurance and reinsurance contract assets (continued)

Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims

Contracts measured under the PAA:

31 December 2024	Assets for remaining coverage		Amounts recoverable on incurred claims		Total AED'000
	Excluding loss recovery component AED'000	Loss component AED'000	Estimates of the present value of future cash flows AED'000	Risk adjustment AED'000	
Reinsurance contract assets as at 1 January 2024	35,289	(411)	(454,548)	(18,798)	(438,468)
An allocation of reinsurance premiums	(276,351)	(411)	-	-	(276,762)
Amounts recoverable from reinsurers for					
Amounts recoverable for incurred claims and other expenses	-	-	201,759	6,479	208,238
Loss-recovery on onerous underlying contracts and adjustments	-	12,569	-	-	12,569
Changes to amounts recoverable for incurred claims	-	-	21,362	(4,388)	16,974
Net income or expense from reinsurance	(276,351)	12,158	223,121	2,091	(38,981)
Reinsurance finance income	-	-	11,242	(9)	11,233
Total changes in the statement of comprehensive income	(276,351)	12,158	234,363	2,082	(27,748)
Cash flows					
Premiums paid	317,719	-	-	-	317,719
Amounts received	-	-	(201,759)	-	(201,759)
Total cash flows	317,719	-	(201,759)	-	115,960
Net reinsurance contract assets as at 31 December 2024	(6,079)	(12,569)	(487,152)	(20,881)	(526,682)

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued)

For the year ended 31 December 2024

14. Insurance and reinsurance contract assets (continued)

Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims (continued)

Contracts measured under the PAA (continued):

	Assets for remaining coverage		Amounts recoverable on incurred claims		Total AED'000
	Excluding loss recovery component AED'000	Loss component AED'000	Estimates of the present value of future cash flows AED'000	Risk adjustment AED'000	
31 December 2023 (Restated)					
Reinsurance contract assets as at 1 January 2023	7,605	1,099	499,083	22,957	530,744
Reinsurance contract liabilities as at 1 January 2023	57,180	-	(32,508)	(358)	24,314
Net reinsurance contract liabilities / (assets) as at January 2023	(49,575)	1,099	531,591	23,315	506,430
An allocation of reinsurance premiums	(297,102)	(1,099)	-	-	(298,201)
Amounts recoverable from reinsurers for incurred					
Amounts recoverable for incurred claims and	-	-	210,281	-	210,281
Loss-recovery on onerous underlying contracts	-	411	-	-	411
Changes to amounts recoverable for incurred	-	-	(104,217)	(4,482)	(108,699)
Net income or expense from reinsurance contracts held	(297,102)	(688)	106,064	(4,482)	(196,208)
Reinsurance finance income	-	-	27,174	(34)	27,140
Total changes in the statement of comprehensive income	(297,102)	(688)	133,238	(4,516)	(169,068)
<i>Cash flows</i>					
Premiums paid	311,388	-	-	-	311,388
Amounts received	-	-	(210,281)	-	(210,281)
Total cash flows	311,388	-	(210,281)	-	101,107
Reinsurance contract assets as at 31 December 2023	35,289	(411)	(454,548)	(18,798)	(438,469)
Net reinsurance contract assets as at 31 December 2023	35,289	(411)	(454,548)	(18,798)	(438,469)

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued) For the year ended 31 December 2024

14. Insurance and reinsurance contract assets (continued)

Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims (continued)

Analysis by measurement component – Contracts not measured under the PAA:

	Estimates of present value of future cash flows AED'000	Risk adjustment for non-financial risk AED'000	CSM Contracts under modified retrospective transition approach AED'000	Total AED'000
31 December 2024				
Reinsurance contract assets as at 1 January 2024	(79,217)	(4,340)	(1,734)	(85,291)
Changes that relate to current services				
CSM recognised for services provided	-	-	(318)	(318)
Change in risk adjustment for non-financial risk for	-	(451)	-	(451)
Experience adjustments	(2,163)	-	-	(2,163)
Changes that relate to future services				
Contracts initially recognised in the year	19	9	65	93
Changes in estimates that adjust the CSM	(263)	(20)	284	1
Changes in estimates that relate to losses and reversals of losses on onerous underlying contracts	312	(222)	-	90
Changes that relate to past services				
Adjustments to assets for incurred claims	1,580	-	-	1,580
Net expenses from reinsurance contracts	(515)	(684)	31	(1,168)
Net finance income from reinsurance contracts	1,694	287	222	2,203
Total changes in the statement of profit or loss and OCI	1,179	(397)	253	1,035
Cash flows				
Premiums received	3,997	-	-	3,997
Claims and other directly attributable expenses paid	(6,235)	-	-	(6,235)
Total cash flows	(2,238)	-	-	(2,238)
Reinsurance contract assets as at 31 December 2024	(76,875)	(3,305)	(5,472)	(85,651)
Reinsurance contract liabilities as at 31 December 2024	(1,285)	(639)	3,487	1,563
Net reinsurance contract assets as at 31 December 2024	(76,160)	(3,945)	(1,986)	(84,091)

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued)

For the year ended 31 December 2024.

14. Insurance and reinsurance contract assets (continued)

Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims (continued)

Analysis by measurement component – Contracts not measured under the PAA (continued):

	Estimates of present value of future cash flows AED'000	Risk adjustment for non-financial risk AED'000	CSM Contracts under modified retrospective transition approach AED'000	Total AED'000
31 December 2023 (Restated)				
Net reinsurance contract assets as at 1 January 2023	47,071	8,556	40,563	96,190
Changes that relate to current services				
CSM recognised for services provided	-	-	(436)	(436)
Change in risk adjustment for non-financial risk for	-	(928)	-	(928)
Experience adjustments	(7,133)	-	-	(7,133)
Changes that relate to future services				
Contracts initially recognised in the year	(2,708)	307	2,821	420
Changes in estimates that adjust the CSM	47,320	(4,200)	(43,121)	(1)
Changes in estimates that relate to losses and reversals of losses on onerous underlying contracts	1,685	140	-	1,825
Adjustments to assets for incurred claims				
Net expenses from reinsurance contracts	37,782	(4,681)	(40,736)	(7,635)
Net finance income from reinsurance contracts	(6,447)	465	1,907	(4,075)
Total changes in the statement of profit or loss and OCI	31,335	(4,216)	(38,829)	(11,710)
Cash flows				
Premiums received	10,122	-	-	10,122
Claims and other directly attributable expenses paid	(9,311)	-	-	(9,311)
Total cash flows	811	-	-	811
Reinsurance contract assets as at 31 December 2023	(79,217)	(4,340)	(1,734)	(85,291)
Reinsurance contract assets as at 31 December 2023	(78,219)	(3,695)	(4,445)	(86,360)
Reinsurance contract liabilities as at 31 December 2023	(1,000)	(647)	2,712	1,065
Net reinsurance contract assets as at 31 December 2023	(79,217)	(4,340)	(1,734)	(85,291)

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued)

For the year ended 31 December 2024

14. Insurance and reinsurance contract assets (continued)

Expected recognition of the contractual service margin - An analysis of the expected recognition of the CSM remaining at the end of the reporting period in profit or loss is provided in the following table (number of years until expected to be recognised):

	1 year	2 year	3 year	4 year	5 year	>6 year	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
31 December 2024							
Total CSM for insurance contracts issued	1,164	1,004	865	762	707	8,156	12,658
Total CSM for reinsurance contracts held	298	212	163	141	154	1,018	1,986
	<u>1,462</u>	<u>1,216</u>	<u>1,028</u>	<u>903</u>	<u>861</u>	<u>9,174</u>	<u>14,644</u>
31 December 2023							
Total CSM for insurance contracts issued	941	885	790	718	669	8,222	12,225
Total CSM for reinsurance contracts held	(67)	(75)	(70)	(83)	(105)	(1,334)	(1,734)
	<u>874</u>	<u>810</u>	<u>720</u>	<u>635</u>	<u>564</u>	<u>6,888</u>	<u>10,491</u>

Reconciliation of the measurement components of insurance and reinsurance contract balances measured under both PAA and Non-PAA as at:

	PAA AED'000	Non-PAA AED'000	Total AED'000
31 December 2024			
Insurance contract liabilities	673,681	145,125	818,806
Reinsurance contract assets	(526,682)	(85,651)	(612,333)
Reinsurance contract liabilities	-	1,563	1,563
	<u>146,999</u>	<u>61,037</u>	<u>208,036</u>
31 December 2023 (Restated)			
Insurance contract liabilities	620,809	142,961	763,770
Reinsurance contract assets	(438,469)	(86,360)	(524,829)
Reinsurance contract liabilities	-	1,065	1,065
	<u>182,339</u>	<u>57,667</u>	<u>240,006</u>

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued) For the year ended 31 December 2024

14. Insurance and reinsurance contract assets (continued)

Development claim tables

The development of insurance liabilities provides a measure of the Company's ability to estimate the ultimate value of claims. The top half of each table illustrates how the Company's estimate of total claims reported unsettled, and claims incurred but not reported for each accident year has changed at successive year-ends. The bottom half of the table reconciles the cumulative claims to the amount appearing in the statement of financial position.

Gross incurred claims

Accident year	2019 AED'000	2020 AED'000	2021 AED'000	2022 AED'000	2023 AED'000	2024 AED'000	Total AED'000
At the end of each reporting year	-	-	-	456,657	386,070	457,813	457,813
One year later	-	-	663,612	417,592	335,331	-	335,331
Two years later	-	377,844	628,952	402,404	-	-	402,404
Three years later	2,552,351	372,197	624,962	-	-	-	624,962
Four years later	2,512,278	369,054	-	-	-	-	369,054
Five years later	2,511,673	-	-	-	-	-	2,511,673
Estimate of gross cumulative claims	2,511,673	369,054	624,962	402,404	335,331	457,813	4,701,237
Cumulative payments to date	2,477,401	350,764	475,479	332,859	282,633	249,345	4,168,479
Total gross undiscounted liabilities for incurred claims	34,526	18,425	150,589	70,069	53,136	350,530	677,275
Effect of discounting							(16,865)
Effect of risk adjustment							23,666
Total gross discounted liabilities for incurred claims							684,076

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued) For the year ended 31 December 2024

14. Insurance and reinsurance contract assets (continued)

Development claim tables (continued)

Net incurred claims

Accident year	2019 AED'000	2020 AED'000	2021 AED'000	2022 AED'000	2023 AED'000	2024 AED'000	Total AED'000
At the end of each reporting year							
One year later	-	-		168,128	155,190	166,851	166,851
Two years later	-	-	161,502	165,995	151,105	-	151,105
Three years later	-	130,530	167,275	162,717	-	-	162,717
Four years later	1,201,594	131,030	159,882	-	-	-	159,882
Five years later	1,187,614	130,238	-	-	-	-	130,238
	1,187,823	-	-	-	-	-	1,187,823
Estimate of net cumulative claims	1,187,823	130,238	159,882	162,717	151,105	166,851	1,958,616
Cumulative payments to date	1,183,602	126,764	155,783	153,013	139,447	111,058	1,869,667
Total net undiscounted liabilities for incurred claims	4,397	3,619	4,271	10,119	12,201	143,693	178,298
Effect of discounting							(5,040)
Effect of risk adjustment							2,785
Total net discounted liabilities for incurred claims							176,043

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued) For the year ended 31 December 2024

15. Segment information

Identification of reportable segments

Primary segment information

For management purposes, the Company is organised into business units based on its products and services and has two reportable operating segments as follows:

1. The general insurance segment, comprises motor, medical, marine, fire, property, liability, engineering and general accident.
2. The life segment includes group life, credit life and individual life.

	General Insurance		Life Insurance		Total	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Assets						
Property and equipment	2,917	48,146	973	16,049	3,890	64,195
Intangible assets	1,931	2,356	643	785	2,574	3,141
Right-of-use-assets	684	2,898	228	966	912	3,864
Unit linked assets	-	-	359,176	403,157	359,176	403,157
Investment securities	35,499	56,607	11,592	15,681	47,091	72,288
Statutory deposit	6,000	6,000	4,000	4,000	10,000	10,000
Reinsurance contract assets	489,277	393,414	123,056	131,415	612,333	524,829
Other receivables	50,406	30,491	4,755	12,475	55,161	42,966
Bank deposits with original maturities of more than three months	306,745	220,928	102,248	73,642	408,993	294,570
Cash and cash equivalents	10,440	28,714	3,480	9,571	13,920	38,285
Total assets	903,899	789,554	610,151	667,741	1,514,050	1,457,295
Liabilities						
Provision for employees' end of service benefit	9,119	10,464	3,039	3,490	12,158	13,954
Insurance contract liabilities	626,148	567,318	192,658	196,452	818,806	763,770
Reinsurance contract liabilities	-	-	1,563	1,065	1,563	1,065
Other payables	48,846	35,849	64,733	67,347	113,579	103,196
Unit linked liabilities	-	-	324,606	370,284	324,606	370,284
Total liabilities	684,113	613,631	586,599	638,638	1,270,712	1,252,269

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued) For the year ended 31 December 2024

15. Segment information (continued)

	<i>General Insurance</i>		<i>Life Insurance</i>		<i>Total</i>	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Insurance revenue	559,606	560,043	31,811	73,494	591,417	633,537
Insurance service expenses	(505,912)	(360,235)	(16,734)	(68,245)	(522,646)	(428,480)
Insurance service result before reinsurance contracts held	53,694	199,808	15,077	5,249	68,771	205,057
Allocation of reinsurance premiums	(321,379)	(339,610)	(17,334)	(46,630)	(338,713)	(386,240)
Amounts recoverable from reinsurance for incurred claims	290,403	149,518	8,160	32,879	298,563	182,397
Net expenses from reinsurance contracts held	(30,976)	(190,092)	(9,174)	(13,751)	(40,150)	(203,843)
Insurance service result	22,718	9,716	5,903	(8,502)	28,621	1,214
Interest revenue calculated using the effective interest method	12,777	10,073	4,259	3,358	17,036	13,430
Net fair value gains on financial assets at FVTPL	537	941	179	314	716	1,254
Other investment income	1,487	1,897	495	632	1,982	2,529
Total investment income	14,801	12,910	4,933	4,303	19,734	17,213
Insurance finance (expense)/income from insurance contracts issued	(13,755)	(21,959)	(4,854)	1,064	(18,609)	(20,895)
Reinsurance finance income/(expense) from reinsurance contracts held	9,672	24,839	3,763	(1,775)	13,435	23,064
Net insurance financial result	(4,083)	2,880	(1,091)	(711)	(5,174)	2,169
Net insurance and investment results	33,436	12,596	9,745	(9,213)	43,181	3,383
Other operating expenses	2,439	(1,836)	(3,562)	(21,239)	(1,123)	(23,075)
Net profit/(loss) before tax	35,875	23,670	6,183	(26,149)	42,058	(2,479)
Corporate tax	(3,212)	-	(539)	-	(3,751)	-
Net profit/(loss) after tax	32,663	23,670	5,644	(26,149)	38,307	(2,479)
Basic and diluted earnings / (loss) after tax per share					0.116	(0.007)

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued) For the year ended 31 December 2024

16. Other receivables

	31 December 2024 AED'000	31 December 2023 AED'000
Other receivables	50,314	37,702
Prepaid expenses	4,847	5,264
	<u>55,161</u>	<u>42,966</u>

17. Intangible assets

	License know-how fee AED'000	Software AED'000	Total AED'000
Cost:			
At 1 January 2023	19,108	22,215	41,323
Additions		361	361
At 31 December 2023	19,108	22,576	41,684
Additions	-	660	660
At 31 December 2024	19,108	23,236	42,344
Accumulated Amortisation:			
At 1 January 2023	15,286	17,314	32,600
Charge for the year	3,822	2,121	5,943
At 31 December 2023	19,108	19,435	38,543
Charge for the year	-	1,227	1,227
At 31 December 2024	19,108	20,662	39,770
Carrying amounts:			
At 31 December 2023	-	3,141	3,141
At 31 December 2024	-	2,574	2,574

The Company had paid a non-refundable license fee in the year 2018 to utilise and access to know how of the customers of a bank.

18. Other payables

	31 December 2024 AED'000	31 December 2023 AED'000
Other payables	93,159	82,965
Employee accruals	15,946	16,414
Corporate tax payable	3,751	-
Lease liabilities	723	3,817
	<u>113,579</u>	<u>103,196</u>

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued) For the year ended 31 December 2024

19. Insurance revenue

	Life AED'000	General AED'000	Total AED'000
For the year ended 31 December 2024			
Contracts not measured under the PAA			
<i>Amounts relating to changes in liabilities for remaining coverage</i>			
CSM recognised for services provided	1,280	-	1,280
Change in risk adjustment for non-financial risk for risk expired	573	-	573
Expected incurred claims and other insurance service expenses	10,423	-	10,423
Recovery of insurance acquisition cash flows	392	-	392
	12,668	-	12,668
Contracts measured under the PAA	19,143	559,606	578,749
	31,811	559,606	591,417
For the year ended 31 December 2023			
Contracts not measured under the PAA			
<i>Amounts relating to changes in liabilities for remaining coverage</i>			
CSM recognised for services provided	1,452	-	1,452
Change in risk adjustment for non-financial risk for risk expired	1,595	-	1,595
Expected incurred claims and other insurance service expenses	26,472	-	26,472
Recovery of insurance acquisition cash flows	897	-	897
	30,416	-	30,416
Contracts measured under the PAA	43,078	560,043	603,121
	73,494	560,043	633,537

The table presents the geographical distribution of insurance revenue:

	For the year ended 31 December	
	2024	2023
	AED'000	AED'000
United Arab Emirates	561,223	570,862
GCC	28,711	60,356
Others	1,483	2,319
	591,417	633,537

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued) For the year ended 31 December 2024

20. Insurance service expenses

	Life AED'000	General AED'000	Total AED'000
For the year ended 31 December 2024			
Incurred claims and other expenses	34,549	399,747	434,296
Amortisation of insurance acquisition cash flows	1,486	47,551	49,037
Losses on onerous contracts and reversals of those losses	(2,090)	13,378	11,288
Changes to liabilities for incurred claims	(17,211)	45,236	28,025
	<u>16,734</u>	<u>505,912</u>	<u>522,646</u>
For the year ended 31 December 2023			
Incurred claims and other expenses	86,227	382,080	468,307
Amortisation of insurance acquisition cash flows	5,713	53,043	58,756
Losses on onerous contracts and reversals of those losses	4,519	(1,274)	3,245
Changes to liabilities for incurred claims	(28,215)	(73,613)	(101,828)
	<u>68,244</u>	<u>360,236</u>	<u>428,480</u>

21. Net insurance financial result

	Life AED'000	General AED'000	Total AED'000
For the year ended 31 December 2024			
Insurance finance expense from insurance contracts issued	<u>(4,854)</u>	<u>(13,755)</u>	<u>(18,609)</u>
Reinsurance finance income from reinsurance contracts held	<u>3,763</u>	<u>9,672</u>	<u>13,435</u>
For the year ended 31 December 2023			
Insurance finance income from insurance contracts issued	<u>1,064</u>	<u>(21,959)</u>	<u>(20,895)</u>
Reinsurance finance expense from reinsurance contracts held	<u>(1,775)</u>	<u>24,839</u>	<u>23,064</u>

22. Net investment income

	2024 AED'000	2023 AED'000
Interest income	17,036	13,430
Dividend income	3,016	3,540
Realised (loss)/gain on sale of investments at FVTPL	(275)	833
Unrealised gain on investments at FVTPL	716	421
Investment management expenses	(724)	(980)
Others	<u>(35)</u>	<u>(31)</u>
Net investment income	<u>19,734</u>	<u>17,213</u>

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued) For the year ended 31 December 2024

23. Other operating expenses - net

	2024 AED'000	2023 AED'000
Board remuneration	1,650	1,350
Consultancy fee	-	486
Gain from sale of land under property and equipment	(14,215)	-
Others	13,688	21,239
	<u>1,123</u>	<u>23,075</u>

23.1 The commitment of short-term leases

The commitment for short term leases amounting to AED 950 thousand for the year ended 31 December 2024 (31 December 2023: AED 1,029 thousand).

24. Leases

(i) Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

24.1 Right-of-use assets

	As at 31 December 2024 AED'000	As at 31 December 2023 AED'000
Balance at the beginning of the year	3,864	6,861
Depreciation expense for the year	<u>(2,952)</u>	<u>(2,997)</u>
Balance at the end of the year	<u>912</u>	<u>3,864</u>

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued) For the year ended 31 December 2024

24. Leases (continued)

24.2 Lease liabilities

Lease liabilities are classified under other payables in note 18. Movement of lease liabilities during the year was as follows:

	As at 31 December 2024 AED'000	As at 31 December 2023 AED'000
At 1 January	3,817	6,855
Accrued interest	147	356
Payments during the year	(3,241)	(3,394)
At 31 December	723	3,817

The incremental borrowing rate used for calculation of lease liabilities is 6.7% for the year ended 31 December 2024 (31 December 2023: 6.7%)

Current and non-current portion of lease liabilities are as follows:

	As at 31 December 2024 AED'000	As at 31 December 2023 AED'000
Non-current portion	-	728
Current portion	723	3,089
	723	3,817

25. Provision for employees' end of service benefits

	As at 31 December 2024 AED'000	As at 31 December 2023 AED'000
Balance at the beginning of the year	13,954	14,424
Charge for the year	1,762	2,031
Payments during the year	(3,558)	(2,501)
Balance at the end of the year	12,158	13,954

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued)

For the year ended 31 December 2024

26. Basic and diluted earnings / (loss) after tax per share

	2024	2023
Profit/(loss) for the year after tax (in 000)	38,307	(2,479)
Number of outstanding shares	330,939	330,939
Basic earnings / (loss) after tax per share (in AED)	0.116	(0.007)

No figures for diluted earnings per share are presented as the Company has not issued any instruments which would have an impact on earnings per share when exercised, as such diluted earnings per share is equivalent to basic earnings per share.

27. Social contributions

The Company did not make any social contributions during the year ended 31 December 2024 (2023: AED Nil).

28. Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable. The Company writes general, medical and life insurance contracts. General insurance contracts of the Company include Liability, Property, Motor, Fire, Marine, General accident and Engineering insurance contracts. Medical insurance contracts include both individual and group medical insurance contracts. Life insurance contracts include group, Individual Life and credit life insurance contracts.

The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has established the Audit and Risk Management Committee, which is responsible for developing and monitoring the Company's risk management framework. The Committee reports regularly to the Board of Directors on its activities related to Risk Management framework and further developments. The primary purpose of Risk Management framework is to protect the shareholders from events that deter the sustainable achievement of the set financial/performance objective.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Risk Management principles are embedded in Company's operational and financial processes and further mitigation/controls are implemented for effective Internal Risk Management framework in the functional processes.

The Company's Audit and Risk Management Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Audit and Risk Management Committee is assisted in its oversight role by Internal Audit and Risk functions.

The Company does not foresee any material impact to its business and operations due to possible climate change effect in the near future. The Company will, however, be collating necessary data to monitor the possible effect on a periodic basis going forward.

Two key elements of the Company's insurance risk management framework are its underwriting strategy and reinsurance strategy, as discussed below.

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued) **For the year ended 31 December 2024**

28. Insurance risk (continued)

Underwriting strategy

The Company's underwriting strategy is to build balanced portfolios based on a large number of similar risks. This reduces the variability of the portfolio's outcome.

The underwriting strategy is set out by the Company that establishes the classes of business to be written, the territories in which business is to be written and the industry sectors in which the Company is prepared to underwrite. This strategy is cascaded by the business units to individual underwriters through detailed underwriting authorities that set out the limits that any one underwriter can write by line size, class of business, territory and industry in order to ensure appropriate risk selection within the portfolio.

Business selection is part of Company's underwriting procedures/guidelines whereby premiums are charged based on the assessment and type of the risks. Other factors such as risk inspections, mortality, persistency and current market trends are also considered in the risk underwriting and premium calculation.

Reinsurance strategy

The Company's reinsurance arrangements include proportional, non-proportional, excess of loss and catastrophe coverage. The Company reinsures a portion of the insurance risks it underwrites in order to control its exposure to losses and protect capital resources.

The Company has a Reinsurance department that is responsible to arrange reinsurance arrangement as per the annual business plans and also for setting the minimum-security criteria for acceptable reinsurance and monitoring the purchase of reinsurance by the business units against those criteria. The department monitors developments in the reinsurance programme and its ongoing adequacy. As a proactive measure and part of Risk Management framework, the reinsurers securities rating is monitored for any downgrade from credit risk perspective. The reinsurance regulations issued by the CBUAE are also incorporated in the Reinsurance strategy.

The Company enters into a combination of proportionate and non-proportionate reinsurance treaties to reduce the net exposure to the Company. In addition, underwriters are allowed to buy facultative reinsurance in certain specified circumstances.

28.1 Frequency and severity of claims

The Company manages risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography. Underwriting limits are in place to enforce appropriate risk selection criteria.

The Company has the right not to renew individual policies, to re-price the risk, to impose deductibles and to reject the payment of a fraudulent claim. Insurance contracts also entitle the Company to pursue third parties for payment of some or all costs (for example, subrogation). Furthermore, the Company's strategy limits the total exposure to any one territory and the exposure to any one industry.

The reinsurance arrangements include excess and catastrophe coverage. The effect of such reinsurance arrangements is that the Company should not suffer net insurance losses of a set minimum limit of AED 1,000 thousand (31 December 2023: 1,000 thousand) in any one event. The Company has survey units dealing with the mitigation of risks surrounding claims. This unit investigates and recommends ways to improve risk claims. The risks are frequently reviewed individually and adjusted to reflect the latest information on the underlying facts, current law, jurisdiction, contractual terms and conditions, and other factors. The Company actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued)

For the year ended 31 December 2024

28. Insurance risk (continued)

28.2 Sources of uncertainty in the estimation of future claim payments

Claims on insurance contracts are payable on a claims-occurrence basis. The Company is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, certain claims are settled over a long period of time and element of the claims provision includes incurred but not reported claims (IBNR). The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, where information about the claim event is available. IBNR claims may not be apparent to the insured until many years after the event that gave rise to the claims. For some insurance contracts, the IBNR proportion of the total liability is high and will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these liabilities. In estimating the liability for the cost of reported claims not yet paid, the Company considers information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Large claims are assessed on a case-by-case basis or projected separately in order to allow for the possible distortive effect of their development and incidence on the rest of the portfolio. In estimating the liability for claims incurred but not reported, the Company involves an independent external appointed actuary.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims' exposures. However, given the uncertainty in establishing claims provisions, it is possible that the final outcome will prove to be different from the original liability established. The amount of insurance claims is in certain cases sensitive to the level of court awards and to the development of legal precedent on matters of contract and tort.

Where possible, the Company adopts multiple techniques to estimate the required level of provisions. This provides a greater understanding of the trends inherent in the experience being projected. The projections given by the various methodologies also assist in estimating the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each accident year.

In calculating the estimated cost of unpaid claims (both reported and not), the Company's estimation techniques are a combination of loss-ratio-based estimates and an estimate based upon actual claims experience using predetermined formulae where greater weight is given to actual claims experience as time passes. The initial loss-ratio estimate is an important assumption in the estimation technique and is based on previous years' experience, adjusted for factors such as premium rate changes, anticipated market experience and historical claims inflation.

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued) For the year ended 31 December 2024

28. Insurance risk (continued)

28.2 Sources of uncertainty in the estimation of future claim payments (continued)

The loss ratios for the current and prior year, before and after reinsurance are summarised below by type of risk:

Type of risk	31 December 2024		31 December 2023	
	Gross loss ratio	Net loss ratio	Gross loss ratio	Net loss ratio
General insurance	67%	63%	38%	63%
Life insurance	24%	19%	26%	8%

Based on the simulations performed, the impact on profit of a change of 1% in the loss ratio for both gross and net of reinsurance recoveries would be as follows:

	2024		2023	
	Gross AED'000	Net AED'000	Gross AED'000	Net AED'000
Impact of an increase of 1%	2,233	970	7,268	3,029
Impact of a decrease of 1%	(2,233)	(970)	(7,268)	(3,029)

28.3 Process used to determine the assumptions

The process used to determine the assumptions for calculating the outstanding claim reserve is intended to result in neutral estimates of the most likely or expected outcome. The sources of data used as inputs for the assumptions are internal, using detailed studies that are carried out quarterly. The assumptions are checked to ensure that they are consistent with observable market practices or other published information.

The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed on a separate, case by case basis with due regard to the claim circumstances, information available from loss adjusters and historical evidence of the size of similar claims.

Case estimates are reviewed regularly and are updated as and when new information arises.

The provisions are based on information currently available. However, the ultimate liabilities may vary as a result of subsequent developments or if catastrophic events occur. The impact of many of the items affecting the ultimate costs of the loss is difficult to estimate.

The provision estimation difficulties also differ by class of business due to differences in the underlying insurance contract, claim complexity, the volume of claims and the individual severity of claims, determining the occurrence date of a claim, and reporting lags.

The method used by the Company for calculating the provision of IBNR takes into account historical data, past estimates and details of the reinsurance programme, to assess the expected size of reinsurance recoveries. The methods more commonly used are the chain-ladder ("CL"), expected loss ratios ("ELR") and the Bornhuetter-Ferguson ("BF") methods.

Chain-ladder methods may be applied to premiums, paid claims or incurred claims (for example, paid claims plus case estimates). The basic technique involves the analysis of historical claims development factors and the selection of estimated development factors based on this historical pattern. The selected development factors are then applied to cumulative claims data for each accident year that is not yet fully developed to produce an estimated ultimate claims cost for each accident year.

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued)

For the year ended 31 December 2024

28. Insurance risk (continued)

28.3 Process used to determine the assumptions (continued)

Chain-ladder techniques are most appropriate for those accident years and classes of business that have reached a relatively stable development pattern. Chain-ladder techniques are less suitable in cases in which the insurer does not have a developed claims history for a particular class of business.

The Bornhuetter-Ferguson method uses a combination of a benchmark or market-based estimate and an estimate based on claims experience. The former is based on a measure of exposure such as premiums; the latter is based on the paid or incurred claims to date. The two estimates are combined using a formula that gives more weight to the experience-based estimate as time passes. This technique has been used in situations in which developed claims experience was not available for the projection (recent accident years or new classes of business).

The choice of selected results for each accident year of each class of business depends on an assessment of the technique that has been most appropriate to observed historical developments. In certain instances, this has meant that a weighted average of different techniques have been selected for individual accident years or groups of accident years within the same class of business. The Company has an internal actuary and independent external actuaries are also involved in the valuation of technical reserves of the Company and has used historical data for the past 9 years.

The key assumptions used for the life insurance contracts are as follows:

Mortality

An appropriate base table of standard mortality is chosen depending on the type of contract. An investigation into Company's experience over the most recent three years is performed, and statistical methods are used to adjust the rates reflected in the table to a best estimate of mortality for that year. Where data is sufficient to be statistically credible, the statistics generated by the data are used without reference to an industry table. For contracts insuring survivorship, an allowance is made for future mortality improvements based on trends identified in the data and in the continuous mortality investigations performed by independent actuarial bodies.

Morbidity

The rate of recovery from disability is derived from industry experience studies, adjusted where appropriate for the Company's own experience.

An analysis of sensitivity around various scenarios provides an indication of the adequacy of the Company's estimation process. The Company believes that the liability reported in the statement of financial position is adequate.

However, it recognises that the process of estimation is based upon certain variables and assumptions which could differ when claims are finally settled.

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued) For the year ended 31 December 2024

28. Insurance risk (continued)

Sensitivity analysis

Contracts measured under PAA

2024	Change in assumptions	Impact on net profit gross of reinsurance AED'000	Impact on net profit net of reinsurance AED'000	Impact on equity gross of reinsurance AED'000	Impact on equity net of reinsurance AED'000
Weighted average term to settlement	+10%	1,687	504	1,687	504
Expected loss	+10%	67,728	17,830	67,728	17,830
Inflation rate	+1%	169	50	169	50
Weighted average term to settlement	-10%	(1,687)	(504)	(1,687)	(504)
Expected loss	-10%	(67,728)	(17,830)	(67,728)	(17,830)
Inflation rate	-1%	(169)	(50)	(169)	(50)
2023	Change in assumptions	Impact on net profit gross of reinsurance AED'000	Impact on net profit net of reinsurance AED'000	Impact on equity gross of reinsurance AED'000	Impact on equity net of reinsurance AED'000
Weighted average term to settlement	+10%	2,130	642	2,130	642
Expected loss	+10%	64,102	17,158	64,102	17,158
Inflation rate	+1%	213	64	213	64
Weighted average term to settlement	-10%	(2,130)	(642)	(2,130)	(642)
Expected loss	-10%	(64,102)	(17,158)	(64,102)	(17,158)
Inflation rate	-1%	(213)	(64)	(213)	(64)

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued)
For the year ended 31 December 2024

28. Insurance risk (continued)

Sensitivity analysis (continued)

Contracts not measured under PAA

2024	Change in assumptions	Impact on net profit gross of reinsurance AED'000	Impact on net profit net of reinsurance AED'000
Mortality	+15%	157	1,721
Lapse	+40%	10,435	(5,786)
Risk adjustment	+10%	25	270
Mortality	-15%	(157)	(1,721)
Lapse	-40%	(10,435)	5,786
Risk adjustment	-10%	(25)	(270)
2023	Change in assumptions	Impact on net profit gross of reinsurance AED'000	Impact on net profit net of reinsurance AED'000
Mortality	+15%	(7,111)	(55)
Lapse	+40%	(14,604)	(2,725)
Risk adjustment	+10%	(457)	(35)
Mortality	-15%	7,111	55
Lapse	-40%	14,604	2,725
Risk adjustment	-10%	457	35

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued)

For the year ended 31 December 2024

29. Capital risk management

The Company's objectives when managing capital are:

- to comply with the insurance capital requirements required by U.A.E. Federal Law No. 48 of 2023, on Establishment of Insurance Companies register of the Central Bank of the U.A.E. ("CBUAE") and Organization of its Operations.
- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

In U.A.E., Insurance Companies register of the Central Bank of the U.A.E. ("CBUAE") specifies the minimum amount and type of capital that must be held by the Company in addition to its insurance liabilities. The minimum required capital (presented in the table below) must be maintained at all times throughout the year.

The table below summarises the minimum required capital of the Company and the total capital held.

	As at 31 December 2024 AED'000 (Unaudited)	As at 31 December 2023 AED'000 (Unaudited)
Minimum Capital Requirement (MCR)	100,000	100,000
Solvency Capital Requirement (SCR)	102,312	105,439
Minimum Guarantee Fund (MGF)	90,721	85,940
Basic own funds	146,624	152,063
MCR Solvency Margin-Surplus	46,624	52,063
SCR Solvency Margin-Surplus	44,313	46,623
MGF Solvency Margin-Surplus	55,903	66,123

The Insurance Companies register of the Central Bank of the U.A.E. ("CBUAE") has issued resolution No. 42 for 2009 setting the minimum subscribed or paid-up capital of AED 100 million for establishing insurance firms and AED 250 million for reinsurance firms. The resolution also stipulates that at least 75 percent of the capital of the insurance companies established in the UAE should be owned by UAE or GCC national individuals or corporate bodies. The Company is in compliance with the minimum capital requirements.

Further, as per Article (8) of section (2) of financial regulations issued for insurance companies in U.A.E., the Company shall at all times comply with the requirements of solvency margin.

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued)

For the year ended 31 December 2024

30. Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity index prices and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

30.1 Fair value of financial instruments carried at amortized cost

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values.

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued) For the year ended 31 December 2024

30. Fair value measurements (continued)

30.2 Fair value measurements recognised in the statement of financial position

Some of the Company's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined;

	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
	31 December 2024	31 December 2023				
	AED'000	AED'000				
FVTPL investments						
Quoted equity securities	42,821	64,674	Level 1	Quoted bid prices in an active market.	None	Not Applicable
Quoted bonds	2,762	6,106	Level 2	Quoted prices in secondary market	None	Not Applicable
Unquoted equity securities	1,479	1,484	Level 3	Net assets valuation method	Net asset value	Higher the net assets, value of the investees, higher the fair value.
Investment held on behalf of Policy holder of Unit linked products	203,960	235,692	Level 2	Quoted prices in secondary market	None	Not Applicable
Due from reinsurers towards policyholders of unit linked products	142,896	153,589	Level 2	Quoted prices in secondary market	None	Not Applicable
FVTOCI investments						
Quoted equity securities	29	24	Level 1	Quoted bid prices in an active market.	None	Not Applicable
Financial liabilities measured at FVTPL						
Unit linked liabilities (excluding cash held with the related unit linked assets)	346,856	389,281	Level 1	Quoted bid prices in an active market.	None	Not Applicable

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued) For the year ended 31 December 2024

30. Fair value measurements (continued)

30.2 Fair value measurements recognised in the statement of financial position (continued)

Reconciliation of Level 3 fair value measurement of financial assets measured at FVTOCI and FVTPL

	FVTPL AED'000	FVTOCI AED'000	Total AED'000
At 1 January 2023	2,364	-	2,364
Changes in fair value	(880)	-	(880)
As at 31 December 2023	1,484	-	1,484
Changes in fair value	(5)	-	(5)
As at 31 December 2024	1,479	-	1,479

There were no transfers between the levels during the year.

31. Financial Risk Management

The Company is exposed to a range of financial risks through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular, the key financial risk is that in the long-term its investment proceeds are not sufficient to fund the obligations arising from its insurance contracts. The most important components of this financial risk are credit risk, liquidity risk, market risk (which includes foreign currency risk, equity and debt price risk and interest rate risk) and operational risk.

31.1 Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company.

Key areas where the Company is exposed to credit risk are:

- insurance receivables;
- other receivables;
- investment securities - debt;
- bank deposits with original maturities of more than three months;
- statutory deposit; and
- cash and cash equivalents

The Company has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by Management annually.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalization of any contract.

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued)

For the year ended 31 December 2024

31. Financial Risk Management (continued)

31.1 Credit risk (continued)

The Company maintains records of the payment history for significant contract holders with whom it conducts regular business. The exposure to individual counterparties is also managed by other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the Company. Management information reported to the Company includes details of provisions for impairment on insurance receivables and subsequent write-offs. Exposures to individual policyholders and groups of policyholders are collected within the ongoing monitoring of the controls. Where there exists significant exposure to individual policyholders, or homogenous groups of policyholders, a financial analysis equivalent to that conducted for reinsurers is carried out by the Company.

Insurance receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of insurance receivable.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The Company defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Company's maximum exposure to credit risk.

31.2 Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below summarizes the maturity profile of the Company's insurance and financial instruments. The contractual maturities of the financial instruments have been determined on the basis of the remaining period at the reporting date to the contractual maturity date. The maturity profile is monitored by management to ensure adequate liquidity is maintained. The maturity profile of the financial assets and financial liabilities at the reporting date based on contractual repayment arrangements was as follows:

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued) For the year ended 31 December 2024

31. Financial Risk Management (continued)

31.2 Liquidity risk (continued)

As at 31 December 2024

	Carrying amount AED'000	Less than 1 year AED'000	1 to 5 years AED'000	Over 5 years AED'000	No maturity date AED'000	Total AED'000
Assets						
Statutory deposit	10,000	-	-	-	10,000	10,000
<u>Investment securities</u>						
Financial assets at fair value through profit or loss	47,061	3,716	1,807	-	41,538	47,061
Financial assets at fair value through other comprehensive income	30	-	-	-	30	30
Unit linked assets	359,176	-	89,794	269,382	-	359,176
Reinsurance contract assets	612,333	526,682	21,413	64,239	-	612,334
Bank deposits	408,993	408,993	-	-	-	408,993
Other receivables	55,161	22,064	33,097	-	-	55,161
Cash and cash equivalents	13,920	13,920	-	-	-	13,920
Total	1,506,674	975,375	146,111	333,621	51,568	1,506,675
Liabilities						
Insurance contract liabilities	818,806	673,681	36,282	108,845	-	818,807
Reinsurance contract liabilities	1,563	1,563	-	-	-	1,563
Unit linked liabilities	324,606	-	81,152	243,455	-	324,606
Other payables	112,856	112,856	-	-	-	112,856
Lease liabilities	723	723	-	-	-	723
Total	1,258,554	788,823	117,433	352,299	-	1,258,555

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued) For the year ended 31 December 2024

31. Financial Risk Management (continued)

31.2 Liquidity risk (continued)

As at 31 December 2023

	Carrying amount AED'000	Less than 1 year AED'000	1 to 5 years AED'000	Over 5 years AED'000	No maturity date AED'000	Total AED'000
Assets						
Statutory deposit	10,000	-	-	-	10,000	10,000
<u>Investment securities</u>						
Financial assets at fair value through profit or loss	72,264	2,559	2,846	-	66,859	72,264
Financial assets at fair value through other comprehensive income	24	-	-	-	24	24
Unit linked assets	403,157	-	100,789	302,368	-	403,157
Reinsurance contract assets	543,266	456,907	21,590	64,769	-	543,266
Bank deposits	294,570	294,570	-	-	-	294,570
Other receivables	42,966	17,186	25,780	-	-	42,966
Insurance contract assets	31,087	31,087	-	-	-	31,087
Cash and cash equivalents	38,285	38,285	-	-	-	38,285
Total	1,435,619	840,594	151,005	367,137	76,883	1,435,619
Liabilities						
Insurance contract liabilities	794,855	651,896	35,740	107,219	-	794,855
Reinsurance contract liabilities	19,504	18,439	266	799	-	19,504
Unit linked liabilities	370,284	-	92,571	277,713	-	370,284
Other payables	99,379	99,379	-	-	-	99,379
Lease liabilities	3,817	3,094	723	-	-	3,817
Total	1,287,839	772,808	129,300	385,731	-	1,287,839

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued) For the year ended 31 December 2024

31. Financial Risk Management (continued)

31.3 Market risk

Market risk is the risk that the fair value or the future cashflows of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market. The Company's market risks arise from open positions in (a) foreign currencies (b) interest bearing and (c) price risk assets and liabilities, to the extent they are exposed to general and specific market movements. Management sets limits on the exposure to currency and interest rate risk that may be acceptable, which are monitored on a regular basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements. The unit linked contracts have not been considered for sensitivity of market risk and as these are merely passed through contracts.

Sensitivities to market risks included below are based on a change in one factor while holding all other factors constant. In practice, this is unlikely to occur, and changes in some of the factors may be correlated – for example, credit spreads, changes in interest rate and changes in foreign currency rates.

Market risk drivers include equity prices, credit spreads, foreign exchange rates and interest rates. The Company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in local equity and bond markets. In addition, the Company actively monitors the key factors that affect stock and bond market movements, including analysis of the operational and financial performance of investees.

31.3.1 Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates and arises from financial instruments denominated in a foreign currency. The Company's functional currency is the UAE Dirham.

The Company has also exposures in USD, to which the AED is pegged and the Company's exposure to currency risk is limited to that extent.

31.3.2 Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's exposure to interest rate risk relates to its bank deposits. At 31 December 2024, bank deposits carry fixed interest rates ranging from 2% to 6% per annum (31 December 2023: 1.5% to 8% per annum) and therefore not exposed to cashflow interest rate risk.

31.3.3 Price risk

Price risk is the risk that the fair value of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company's price risk exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices. The Company's equity price risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plans, sector and market. The fair values of financial assets are not different from their carrying values.

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued)

For the year ended 31 December 2024

31. Financial Risk Management (continued)

31.3 Market risk (continued)

31.3.3 Price risk (continued)

Sensitivities

The table below shows the results of sensitivity testing on the Company's profit or loss and other comprehensive income by type of business. The sensitivity analysis indicates the effect of changes in price risk factors arising from the impact of the changes in these factors on the Company's investments:

	10% increase in price		10% decrease in price	
	FVTPL AED'000	FVTOCI AED'000	FVTPL AED'000	FVTOCI AED'000
2024				
Quoted debt investments	276	-	(276)	-
Quoted equity investments	4,282	3	(4,282)	(3)
Unquoted equity investments	148	-	(148)	-
2023				
Quoted debt investments	611	-	(611)	-
Quoted equity investments	6,467	2	(6,467)	(2)
Unquoted equity investments	148	-	(148)	-

31.4 Operational risk

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss.

The Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks.

The Company has detailed systems and procedures manuals with effective segregation of duties, access controls, authorization and reconciliation procedures, staff training and assessment processes etc. with a focus on compliance and internal audit framework. Business risks such as changes in environment, technology and the industry are monitored through the Company's strategic planning and budgeting process.

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued)

For the year ended 31 December 2024

31. Financial Risk Management (continued)

31.5 Classification of financial assets and liabilities

(a) The table below sets out the Company's classification of each class of financial asset and liability and their carrying amounts as at 31 December 2024:

	FVTPL AED'000	FVTOCI AED'000	Amortised cost AED'000	Total AED'000
Financial assets:				
Cash and cash equivalents	-	-	13,920	13,920
Bank deposits with original maturities of more than three months	-	-	408,993	408,993
Statutory deposit	-	-	10,000	10,000
Investment securities	47,061	30	-	47,091
Unit linked assets	346,856	-	12,320	359,176
Total	393,917	30	445,233	839,180
Financial liabilities:				
Other payables	-	-	113,579	113,579
Unit linked liabilities	324,606	-	-	324,606
Total	324,606	-	113,579	438,185

(b) The table below sets out the Company's classification of each class of financial asset and liability and their carrying amounts as at 31 December 2023:

	FVTPL AED'000	FVTOCI AED'000	Amortised cost AED'000	Total AED'000
Financial assets:				
Cash and cash equivalents	-	-	38,285	38,285
Bank deposits with original maturities of more than three months	-	-	294,570	294,570
Statutory deposit	-	-	10,000	10,000
Investment securities	72,264	24	-	72,288
Unit linked assets	389,281	-	13,876	403,157
Total	461,545	24	356,731	818,300
Financial liabilities:				
Other payables	-	-	103,196	103,196
Unit linked liabilities	370,284	-	-	370,284
Total	370,284	-	103,196	473,480

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued)

For the year ended 31 December 2024

32. Gross written premiums

Details relating to gross written premium are disclosed below to comply with the requirements of CBUAE and are not calculated as per the requirements of IFRS 17.

31 December 2024	Life Insurance AED'000	Medical Insurance AED'000	Property & Liability AED'000	All types of Business Combined AED'000
Direct written premiums	60,883	234,985	346,431	642,299
Assumed business				
Foreign	-	-	1,172	1,172
Local	-	-	11,290	11,290
Total assumed business	-	-	12,462	12,462
Gross written premiums	60,883	234,985	358,893	654,761

31 December 2023	Life Insurance AED'000	Medical Insurance AED'000	Property & Liability AED'000	All types of Business Combined AED'000
Direct written premiums	139,348	245,377	330,503	715,228
Assumed business				
Foreign	-	-	1,793	1,793
Local	-	-	9,737	9,737
Total assumed business	-	-	11,530	11,530
Gross written premiums	139,348	245,377	342,033	726,758

33. Corporate tax

On 9 December 2022, the United Arab Emirates (UAE) Ministry of Finance ("MoF") released Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law") to implement a new CT regime in the UAE. The new CT regime is applicable for accounting periods beginning on or after 1 June, 2023. The UAE Cabinet of Ministry ("Cabinet") Decision No. 116 of 2022 specifies the threshold of the income over which the 9% tax rate applies and accordingly, the law is now considered to be substantively enacted from the perspective of IAS 12 – Income taxes.

The Company has calculated their income tax liability in accordance with Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law") with effect from 1 January 2024.

Union Insurance Company P.J.S.C.

Notes to the financial statements (continued) For the year ended 31 December 2024

33. Corporate tax (continued)

(i) The income tax expense recognised in the statement of comprehensive income comprises the following:

	2024 AED'000	2023 AED'000
Current tax (refer (ii) below)	3,751	-
	<u>3,751</u>	<u>-</u>

(ii) Reconciliation of income tax expense:

	2024 AED'000	2023 AED'000
Profit for the year before tax	42,058	-
Corporate tax @9% on profit before tax	3,785	
Effect of:		
Less:		
Exemption limit AED 375,000	(34)	-
Corporate income tax expense for the year at the rate of 9%	<u>3,751</u>	<u>-</u>

34. Approval of the financial statements

The financial statements were approved by the Board of Directors and authorized for issue on 19 March 2025.

35. Comparative information

During the year, the Company has revised the classification of insurance and reinsurance contract liabilities and assets in order to align these with the principle of portfolio wise presentation as required by IFRS 17. This has resulted in a restatement in its statement of financial position as of 31 December 2023. The effects of this restatement are disclosed in the below table:

	As previously reported AED'000	Adjustments AED'000	As restated AED'000
Insurance contract assets	31,087	(31,087)	-
Reinsurance contract assets	543,266	(18,437)	524,829
Insurance contract liabilities	794,857	(31,087)	763,770
Reinsurance contract liabilities	19,502	(18,437)	1,065

36. Subsequent events

There have been no events subsequent to the statement of financial position date that would significantly affect the amounts reported in the financial statements as at and for the year ended 31 December 2024.



Union Insurance Company
Public Joint Stock Company

Corporate Governance Report
For the Financial Year Ended on 31/12/2024

Table of Contents

1- Statement on Measures Taken to Complete the Corporate Governance System in 2024 and Their Implementation.

2- Statement on the Ownership and Transactions of Board Members, Their Spouses, and Their Children in the Company's Securities During 2024.

3- Board of Directors Structure:

(A) Statement on the Composition of the Board of Directors.

(B) Percentage of Female Representation for 2024.

(C) Reasons for the Lack of Female Candidates for Board Membership.

(D) Remuneration and Attendance Allowances:

1- Total Board Members' Remuneration Paid for 2023.

2- Proposed Total Board Members' Remuneration for 2024.

3- Details of Allowances, Salaries, or Additional Fees Received by a Board Member Other Than Committee Attendance Allowances and Their Justifications.

4- Committee Meeting Attendance Allowances Received by Board Members for the Financial Year 2024.

(E) Board Meetings.

(F) Statement on the Board's Delegated Powers and Authorities to the Executive Management.

(G) Details of Related-Party Transactions.

Detailed Statement of Senior Executive Management.

4- Board Committees:

1- Audit Committee:

(A) Declaration by the Chairman of the Audit and Risk Committee on Their Responsibility for the Committee's System in the Company, Reviewing Its Mechanisms, and Ensuring Its Effectiveness.

(B) Names of Audit and Risk Committee Members, Their Roles, and Assigned Tasks.

(C) Audit and Risk Committee Meetings.

(D) Annual Audit Committee Report:

1- Key Issues Reviewed by the Committee Regarding Financial Statements and How They Were Addressed.

2- Explanation of How the Committee Evaluated the Independence and Effectiveness of the External Audit Process, the Approach Taken to Appoint or Reappoint the External Auditor, and Information on the Auditor's Tenure.

3- Statement on the Committee's Recommendation for the Appointment, Reappointment, or Dismissal of the External Auditor and the Reasons for Any Board Decision Not to Accept the Recommendation.

4- Explanation of How the Independence of the External Auditor Was Ensured If They Provided Non-Audit Services.

5- Actions Taken or to Be Taken by the Committee to Address Any Shortcomings or Weaknesses in Case of Internal Control or Risk Management Failures.

6- Confirmation That the Committee Reviewed All Medium and High-Risk Reports Issued by Internal Audit to Determine Whether They Stem from Major Failures or Weaknesses in Internal Controls.

7- Comprehensive Information on Corrective Action Plans in Case of Any Material Deficiencies in Risk Management and Internal Control Systems.

8- Confirmation That the Committee Reviewed All Transactions Conducted with Related Parties, Their Observations or Findings, and Compliance with Applicable Laws.

2- Nomination and Remuneration Committee:

(A) Declaration by the Chairman of the Nomination and Remuneration Committee on Their Responsibility for the Committee's System in the Company, Reviewing Its Mechanisms, and Ensuring Its Effectiveness.

(B) Names of Nomination and Remuneration Committee Members, Their Roles, and Assigned Tasks.

(C) Nomination and Remuneration Committee Meetings.

3- Risk Management Committee:

(A) Declaration by the Chairman of the Risk Management Committee on Their Responsibility for the Committee's System in the Company, Reviewing Its Mechanisms, and Ensuring Its Effectiveness.

(B) Names of Risk Management Committee Members, Their Roles, and Assigned Tasks.

(C) Risk Management Committee Meetings.

4.- Investment Committee:

(A) Declaration by the Committee Chairman on Their Responsibility for the Committee's System in the Company, Reviewing Its Mechanisms, and Ensuring Its Effectiveness.

(B) Names of Investment Committee Members, Their Roles, and Assigned Tasks.

(C) Investment Committee Meetings.

5- Committee for Monitoring and Supervising Insider Transactions:

(A) Declaration by the Committee Chairman on Their Responsibility for the Committee's System in the Company, Reviewing Its Mechanisms, and Ensuring Its Effectiveness.

(B) Names of Committee Members.

(C) Summary of the Committee's Activities Report for 2024

5- Evaluation of the Board of Directors, Its Committees, and Executive Management:

(A) Annual Evaluation of the Board of Directors, Its Members, and Committees

(The evaluation may be conducted by the Nomination and Remuneration Committee, the Chairman of the Board with support from the Board Secretary as needed, or independent consultants may be engaged if necessary.)

(B) Evaluation by an Independent Professional Entity

(Every three years, the Board of Directors is required to appoint an independent professional entity, with no interest or relationship with the company, the Board, or executive management, to evaluate the performance of the Board, its members, and its committees.)

6- Organizational Structure and Executive Management:

- (A) Company's Complete Organizational Structure.
- (B) Detailed Statement of Senior Executive Management.

7- External Auditor:

- (A) Overview of the External Auditor.
- (B) Statement on the Fees and Costs of the External Auditor.
- (C) External Auditor's Reservations for 2024.

8- Internal Control System:

- (A) Declaration by the Board on Its Responsibility for the Internal Control System in the Company, Reviewing Its Mechanisms, and Ensuring Its Effectiveness.
- (B) Name, Qualifications, and Appointment Date of the Head of Internal Audit.
- (C) Name, Qualifications, and Appointment Date of the Compliance Officer.
- (D) How the Internal Control Department Handles Major Issues Within the Company.
- (E) Number of Reports Issued by the Internal Control Department to the Board of Directors.

9- Details of Violations Committed During the 2024 Financial Year, Their Causes, and Corrective Actions Taken.

10-Statement on the Company's Monetary and In-Kind Contributions to Local Community Development and Environmental Sustainability in 2024.

11-General Information.

Company Overview

Union Insurance Company is one of the leading national insurance providers in the United Arab Emirates, operating under the supervision of the UAE Central Bank and listed on the Abu Dhabi Securities Exchange. Established in 1998 with a paid-up capital exceeding AED 331 million, the company has since been offering a comprehensive range of innovative insurance products tailored to meet the needs of individuals and businesses across various sectors.

With a specialized team of insurance experts, the company provides flexible and reliable insurance solutions, including standard and customized policies. These solutions cater to individuals, small and medium-sized enterprises (SMEs), large corporations, and government entities, ensuring high-quality coverage. Additionally, Union Insurance offers advanced advisory services, such as risk assessment and insurance gap analysis, under the guidance of highly experienced professionals.

Union Insurance's offerings encompass a wide array of insurance solutions, including but not limited to; life insurance, health insurance, motor insurance, property insurance, engineering insurance, liability insurance, and

marine insurance. These products enable clients to focus on their core operations while benefiting from effective and comprehensive insurance policies to manage various risks.

Recognizing the evolving nature of business risks, the company employs a team of professionals who hold the Associate of the Chartered Insurance Institute (ACII) certification from London. These experts possess the expertise to design sophisticated insurance solutions that align with market demands. Through this professional approach, Union Insurance ensures accurate pricing and high levels of reliability for its clients.

Moreover, the company benefits from strategic partnerships with leading global and regional reinsurance firms, including Swiss Reinsurance Company, SCOR Reinsurance, Hannover Reinsurance Company, Lloyd's, Generali, and QBE Europe.

Union Insurance follows a customer-centric approach, fostering a corporate culture built on teamwork and innovation. Supported by a workforce of approximately 164 professionals, the company is committed to delivering exceptional service that meets client expectations. Understanding that filing an insurance claim often results from an unforeseen incident or financial loss, Union Insurance strives to provide fast and personalized support, alleviating client concerns during critical times.

To align with this commitment, the company has enhanced its claims processing and operational procedures to ensure a smooth and efficient experience. Its approach is centered on transparency, efficiency, and prompt responsiveness, reinforcing client trust and providing them with peace of mind in managing future risks.

1- Statement on Corporate Governance Implementation in 2024 and Its Application

In line with the principles of good governance, Union Insurance Company places significant emphasis on adhering to the highest corporate governance standards by fully complying with the laws, regulations, and resolutions in force in the United Arab Emirates. This includes compliance with the Corporate Governance Guide for Public Joint Stock Companies, issued under Decision No. (3/R.M) of 2020 by the Chairman of the Securities and Commodities Authority (SCA). This guide defines corporate governance as:

"A set of controls and rules that ensure institutional discipline in relationships and management within the company, in accordance with global standards and practices, by defining the responsibilities and duties of board members and senior executive management while ensuring the protection of shareholder and stakeholder rights."

Accordingly, the Board of Directors is committed to adopting and continuously updating a comprehensive governance framework that aligns with best global practices, thereby supporting the company's growth and strategic objectives. The key governance standards applied by the company include:

1- Transparency and Disclosure:

The company adheres to the highest standards of disclosure and transparency, in accordance with the Securities and Commodities Authority's directives. This includes periodic financial reports (quarterly and annual), board meeting schedules, board resolutions, and all required data and statistics as mandated by regulatory authorities and financial markets.

2- Effective Board Management:

The Board of Directors actively oversees the formulation and execution of the company's strategic objectives in collaboration with senior executive management. It also supervises the board committees to ensure compliance with best governance practices.

3- Formation of Permanent Committees:

The Board has established permanent committees in accordance with regulatory provisions, defining their roles, tenure, and assigned authorities. The performance of these committees is continuously monitored to ensure efficient and effective achievement of their objectives.

4- Enhancing Internal Control and Risk Management Systems:

The Board, in coordination with the Audit Committee and Risk Management Committee, periodically reviews and updates the internal control system to ensure its effectiveness and continuity, ensuring compliance with regulatory requirements.

5- Regulating Insider Transactions:

The company updates and adopts the regulatory framework governing insider transactions, as approved by the Board. A dedicated register is maintained to document all relevant information, and a specialized committee is formed to oversee and manage these transactions, providing periodic reports to the SCA and the Abu Dhabi Securities Exchange.

6-Investor Relations Management:

Committed to transparency and effective communication, the company has appointed Ms. Riham Osama as the Investor Relations Manager. It has also established a dedicated section on its official website, providing all necessary data, including financial reports and disclosures issued to regulatory and supervisory authorities.

7- Preparation and Publication of the Annual Governance Report:

In compliance with regulatory requirements, the company prepares and submits an annual governance report, publishing it on the SCA's website. This report includes all financial and non-financial data and actions taken throughout the year, ensuring clear and accurate information for shareholders.

8- Appointment of an External Auditor:

The external auditor is appointed, and their fees determined by a resolution of the General Assembly, in accordance with applicable laws and regulations, ensuring the independence and objectivity of the company's financial audits.

2- Ownership and Transactions of Board Members and their Spouses, and Children in the Company's Securities During 2024:

The company adheres to the provisions of SCA Board Decision No. (2) of 2001 concerning the trading, clearing, settlement, transfer, and custody of securities. Article 14 of this decision states:

*"The chairman, board members, general manager, or any employee with access to material information about a listed company shall not engage in transactions for themselves or on behalf of others in the securities of the company, its parent company, subsidiaries, sister companies, or affiliates, if any of these companies are listed in

the market, during the following periods:

- Within ten (10) working days before the announcement of any material information that may impact the share price, either upward or downward, unless the information results from an unforeseen and sudden event.
- Within fifteen (15) days before the end of the quarterly, semi-annual, or annual financial period, until the financial statements are disclosed."*

The company also complies with SCA Board Decision No. (3) of 2000 concerning disclosure and transparency regulations, as well as the regulations and directives issued by the Abu Dhabi Securities Exchange.

The securities owned by board members and their first-degree relatives are as follows:

no	Name	Position/Relationship	Shares Owned as of 31/12/2024	Total Sales Transactions	Total Purchase Transactions
1	Al Salem Limited Company	Board Member	66,710,022	-	-
2	Salem Abdullah Al Hosani	First-degree relative of Board Member Mohammed Salem, Representative of M/S Al Salem Limited Company, and Chairman of Al Salem (Corporate Board Member)	76,614,519	-	-
3	Sheikh/ Nasser bin Rashid Al Mualla (Family Transfer)	Chairman of the Board	10,000,000	-	-

3- Board of Directors:

The Board of Directors consists of seven members, each serving a three-year term. Members whose terms have expired may be re-elected multiple times. They are elected by the General Assembly through cumulative secret voting in accordance with the Articles of Association of Union Insurance Company. The Board has full authority to exercise all necessary powers to achieve the company's objectives, except for matters reserved by law or the Articles of Association for the General Assembly. The Board is committed to fulfilling its responsibilities to ensure proper guidance and direction for the company and its management, positively impacting overall performance and shareholders' rights.

A- Current Board Composition:

The company is managed by a Board of Directors consisting of seven members. Below is a statement detailing the current Board composition and the duration each member has served since their first election:

Name	Category	Membership Duration Since First Election	Experience & Qualifications	Membership in Other Public Joint-Stock Companies	Regulatory, Governmental, or Commercial Positions
Sheikh/ Nasser bin Rashid bin Abdulaziz Al Mualla (Chairman)	- Independent	- 2021	<ul style="list-style-type: none"> - Bachelor's degree from Tulane University, London - Businessman. - Vice Chairman of the Board and Chairman of the Executive Committee at Umm Al Quwain Bank since 1982. - Vice Chairman of the Board of Umm Al Quwain Cement Company from 1981 to 2017. - Vice Chairman of the Board of Sharjah Insurance from 2000 to April 2021. - Recipient of the Best CEO Award for Emiratization in the UAE banking sector. 	Vice Chairman of the Board of Umm Al Quwain National Bank, Chairman of the Executive Committee, and member of the Nominations and Remuneration Committee.	- None
Dr. Ali Rashid Sultan Al Ketoub Al Nuaimi (Vice Chairman)	- Non-Independent	- 2021	<ul style="list-style-type: none"> - PhD in International Law - Johnson & Wales University, USA. - Certified Public Accountant (CPA) - UK. - Bachelor's in Applied Arts in Business Administration & Marketing - American College, London, UK. - Bachelor's in Economics and Law - Al Jazeera University. - Diploma in Business Administration 	- Board Member and Chairman of Nominations and Remuneration Committee and member of the Audit and Risk committee at Umm Al Quwain National Bank.	- None

			(EH/3676/MIC) - London Institute of Commerce. - Senior Manager at Dubai National Bank (2001–2007). - Board Member at National Islamic Bank (2005–2007). - CEO of Emirates NBD Properties (2007–2017). - Banking, accounting, financial restructuring and bankruptcy expert at Dubai Courts		
- Mr. Abdullah Mohammed Hassan Al Hosani	Independent	- 2021	- Bachelor's in Accounting and Economics - UAE University. - Over 30 years of experience in banking.	Board Member at Ajman Bank. Board Member at Gulf Cement Company. Vice Chairman of Amanat Holdings.	- None
- Mr. Ahmed Saeed Al Alami	Independent	- 2021	- Master of Business Administration (MBA) - ESADE Business School. - Bachelor's in Mechanical Engineering. - Engineer at Crescent Petroleum (March 2008 – August 2009, and December 2005 – December 2006). - Project Engineer at Petrofac International Ltd. (January 2007 – February 2008).	- Partner at Al Manara Investment & Development. Board Member at Emirates Metal Industries. Board Member at Pinnacle Restaurant & Catering Management.	- None

- Ms. Iman Al-Midfa	Independent	- 2022	<ul style="list-style-type: none"> - Bachelor's in Business Administration - American University of Sharjah. - Held several positions at Emirates Airline, most recently as Senior Revenue Optimization Manager. 	- None	- None
- Dr. Basel Al Hindawi	Independent	- 2023	<ul style="list-style-type: none"> - PhD in Information Management and International Business - George Washington University. - Over 25 years of leadership experience, including roles as CEO and Board Chairman/Member in both private and public sectors, as well as in regulatory bodies and international organizations. 	- None	- None
- Al Salem Limited Company, represented by Mr. Mohammed Salem Abdullah Salem Al Hosani	- Non-Executive	- 2010	<ul style="list-style-type: none"> - Master's in Financial Management - April 2011. - Bachelor's in E-Commerce - Higher Colleges of Technology, June 2005. 	<ul style="list-style-type: none"> - Managing Director of Umm Al Quwain General Investments Company since 2017. - Director Member at Gulf Medical Projects Company since 2005. 	- None

B - Female Representation Rate for 2024:

The female representation rate on the company's Board of Directors for the year 2024 reached 14%. In accordance with the company's Articles of Association, the Board of Directors remains committed to promoting gender equality in leadership positions. In line with its forward vision and in accordance with applicable regulatory requirements, this position is currently occupied by Ms. Iman Al-Midfa

C - Reasons for the Absence of Female Candidates for Board Membership:

Not applicable.

D - Board Members' Remuneration and Attendance Fees:

The company's Articles of Association specify the method for determining the remuneration of Board members in accordance with Article (171) of Commercial Companies Law No. (32) of 2021. The remuneration of the Chairman and Board members consists of a percentage of the net profit, which shall not exceed (10%) of the net profit for the fiscal year after deducting all depreciations and reserves.

1- Total Board Members' Remuneration for 2023-2024:

- The total Board members' remuneration for the year 2023 amounted to AED 1,150,000.
- The proposed total Board members' remuneration for the year 2024 is AED 1,900,000.

2- Details of Attendance Fees for Committee Meetings Received by Current Board Members for the Fiscal Year 2024:

It should be noted that, following the election of Board members, the Board committees were reconstructed on May 13, 2024.

A - Details of Attendance Fees for Committee Meetings Prior to the Election of Board Members and the Reconstitution of Committees:

Member	Allowances for attending meetings of committees emanating from the current council			
	Committee Name	Value of the exchange	Number of meetings	Total value of allowances
Dr. Ali Rashid Al-Kaitub	Chairman of the Audit Committee	10,000	4	40,000
Dr. Ali Rashid Al-Kaitub	Member of the Risk Management Committee	5,000	4	20,000
Mr. Abdullah Mohammed Al-Hosani	Chairman of the Nominations Committee	10,000	1	10,000

Mr. Abdullah Mohammed Al-Hosani	Member of the Audit Committee	5,000	4	20,000
Mr. Abdullah Mohammed Al-Hosani	Member of the Risk Management Committee	5,000	6	30,000
Mr. Ahmed Al-Alami	Member of the Nominations Committee	5,000	1	5,000
Mr. Ahmed Al-Alami	Member of the Risk Management Committee	5,000	6	30,000
Dr. Basil Al-Hindawi	Member of the Risk Management Committee	10,000	6	60,000
Dr. Basil Al-Hindawi	Chairman of the Audit Committee	5,000	4	20,000
Dr. Basil Al-Hindawi	Member of the Nominations Committee	5,000	1	5,000
Ms. Iman Al-Madfa	Member of the Audit Committee	5,000	4	20,000
Dr. Ali Rashid Al-Kaitub	Member of the Audit Committee	5,000	4	20,000

B. Details of Allowances for Attending Meetings of Committees Derived from the Council Following the Election of Board Members and Reorganization of Committees, in Addition to Restructuring Attendance Allowances for Committee Meetings:

Member	Allowances for attending meetings of committees emanating from the current council			
	Committee Name	Value of the exchange	Number of meetings	Total value of allowances
Sheikh/Nasser bin Rashid bin Abdulaziz Al Mualla	Chairman of the Investment Committee	5,000	2	5,000
Dr. Ali Rashid Al Kaitoob	Chairman of the Audit Committee	5,000	4	20,000
Dr. Ali Rashid Al Kaitoob	Member of the Risk Management Committee	5,000	5	25,000
Mr. Abdullah Mohammed Al Hosani	Chairman of the Nominations Committee	5,000	3	15,000

Mr. Abdullah Mohammed Al Hosani	Member of the Risk Management Committee	5,000	5	25,000
Mr. Mohammed Salem Al Hosani	Member of the Investment Committee	5,000	1	0
Mr. Ahmed Al Alami	Member of the Nominations Committee	5,000	3	15,000
Mr. Ahmed Al Alami	Member of the Audit Committee	5,000	4	20,000
Dr. Basil Al Hindawi	Chairman of the Risk Management Committee	5,000	5	25,000
Dr. Basil Al Hindawi	Member of the Nominations Committee	5,000	3	15,000
Mrs. Iman Al Madfa	Member of the Audit Committee	5,000	4	20,000
Mrs. Iman Al Madfa	Member of the Investment Committee	5,000	2	5,000

3- Details of Allowances, Salaries, or Additional Remuneration Received by a Board Member Other Than Committee Attendance Allowances and Their Reasons:

Not applicable.

C. Board of Directors Meetings During the Fiscal Year 2024:

The Board of Directors held (6) meetings during the year 2024, as outlined below:

Current Board of Directors Meetings:

Member	February 12, 2023	March 19, 2024	May 13, 2024	August 12, 2024	November 12, 2024	December 11, 2024	Number of attendances	Number of proxy attendees
Sheikh/ Nasser bin Rashid Al Mualla	√	√	x	√	√	√	5	
Dr. Ali Rashid Al Kaitoob	√	√	√	√	√	√	6	
Mr. Abdullah Al Hosani	√	√	√	√	√	√	6	
Mrs. Iman Al Midfa	√	√	√	√	√	√	6	
Mr. Mohammed Salem Al Hosani	x	√	√	x	√	x	3	
Mr. Ahmed Al Alami	√	√	√	√	√	√	6	
Dr. Basil Al Hindawi	√	√	√	√	√	√	6	

√ Attendance X Absence

H. Board of Directors' Decisions Issued by Circulation During the Fiscal Year 2024:

No decisions were issued by circulation for the year 2024.

4. Board Committees:

1. Audit Committee:

A. Approval of the Committee Chairman:

The Chairman of the Audit Committee, Dr. Ali Rashid Al-Kitoub, acknowledges his responsibility for the committee's framework within the company and confirms that he has reviewed its working mechanisms and ensured their effectiveness.

B. Members of the Audit Committee and Statement of Its Competencies and Assigned Tasks:

Members of the Audit Committee as of 13/05/2024:

Name	Position
Dr. Ali Al-Kaitub	Chairman of the Committee
Mr. Abdullah Al-Hosani	Member
Dr. Basil Al-Hindawi	Member
Mrs. Iman Al-Madfa	Member

- Members of the Audit Committee after amending the committee structure by the Board of Directors after 13/05/2024:

Name	Position
Dr. Ali Al-Kaitub	Chairman of the Committee
Mr. Ahmed Al-Alami	Member
Mrs. Iman Al-Madfa	Member

Competencies and Responsibilities of the Audit Committee:

1. Reviewing the company's financial and accounting policies and procedures.
2. Monitoring the integrity of the company's financial data and reports (annual, semi-annual, and quarterly) and its control systems, reviewing them as part of its regular work during the year, with a particular focus on the following:
 - a. Any changes in accounting policies and practices.
 - b. Highlighting areas subject to management judgment.
 - c. Significant adjustments resulting from auditing.
 - d. The assumption of the company's going concern.
 - e. Compliance with accounting standards issued by the Securities and Commodities Authority.
 - f. Compliance with listing rules, disclosure requirements, and other legal obligations related to financial reporting.
3. Coordinating with the company's Board of Directors, executive management, and the Chief Financial Officer (or equivalent) to perform its duties. The committee must meet with the company's auditors at least once a year.
4. Reviewing any significant and unusual items included or required to be included in the reports, accounts, and off-balance-sheet items, and giving due attention to any matters raised by the company's CFO (or equivalent), compliance officer, or auditors.
5. Recommending to the Board of Directors the appointment, resignation, or dismissal of the external auditor. If the Board does not accept the Audit Committee's recommendation, the Board must include in the governance report a statement explaining the committee's recommendations and the reasons for not adopting them.
6. Developing and implementing a policy for contracting with external auditors and submitting a report to the Board of Directors outlining matters requiring action and providing recommendations on necessary steps.
7. Ensuring that the external auditor meets the conditions stipulated in applicable laws, regulations, decisions, and the company's articles of association, and monitoring their independence.
8. Meeting with the company's external auditor without the presence of senior executive management or their representatives to discuss the nature and scope of the audit process and its effectiveness in accordance with approved auditing standards.
9. Approving any additional services performed by the external auditor for the company and the fees charged for such services.
10. Reviewing all matters related to the external auditor's work, including their work plan, correspondence with the company, observations, recommendations, reservations, and any significant inquiries raised by the auditor to

senior executive management regarding accounting records, financial statements, or control systems, and monitoring the company management's response and provision of necessary facilities.

11. Ensuring that the Board of Directors and executive management respond in a timely manner to clarifications and significant matters raised in the external auditor's management letter.

12. Reviewing and evaluating the company's internal audit and risk management systems.

13. Discussing the internal audit system with the Board of Directors and ensuring its duty to establish an effective internal control system.

14. Reviewing the results of major investigations into internal audit matters commissioned by the Board of Directors or initiated by the committee with the Board's approval.

15. Reviewing the auditor's evaluation of internal audit procedures and ensuring coordination between the internal auditor and the external auditor.

16. Ensuring the availability of necessary resources for the internal audit function and monitoring its effectiveness.

17. Studying internal audit reports and following up on the implementation of corrective actions for noted observations.

18. Establishing controls and systems that enable company employees and stakeholders to confidentially report potential violations in financial reporting, internal auditing, or other matters, and ensuring independent and fair investigations of such violations, with measures to protect whistleblowers and ensure precise follow-up.

19. Monitoring the company's compliance with professional conduct rules.

20. Reviewing related-party transactions and ensuring no conflicts of interest exist, providing recommendations to the Board of Directors before their execution.

21. Ensuring the application of work rules related to its duties and the powers granted by the Board of Directors.

22. Submitting reports and recommendations to the Board of Directors on the matters mentioned above and outlined in this section.

23. Reviewing any other matters determined by the Board of Directors.

C. Number of Meetings Held by the Audit Committee During the Year, Their Dates, and Attendance

Records of Members:

The Audit Committee held 8 meetings during the year 2024. Below is a record of the meetings and the attendance of members:

Meetings of the Audit and Risk Committee:	
Meeting date:	February 26, 2024
Meeting date:	March 4, 2024
Meeting date:	March 27, 2024
Meeting date:	May 12, 2024
Meeting date:	August 8, 2024
Meeting date:	September 6, 2024
Meeting date:	October 22, 2024
Meeting date:	November 17, 2024

A. Number of Personal Attendances by Members of the Audit Committee Prior to the Re-election of the

Board of Directors and Reorganization of the Committees:

Member	Dr. Ali Rashid Al-Kaitoub	Mr. Abdullah Al Hosani	Mrs. Iman Al-Madfa	Dr. Basil Al-Hindawi
Meeting date				
Meeting date: February 26, 2024	√	√	√	√
Meeting date: March 4, 2024	√	√	√	√
Meeting date: March 27, 2024	√	√	√	√
Meeting date: May 12, 2024	√	√	√	√
Number of attendees	4	4	4	4

B. Number of Personal Attendances by Members of the Audit Committee after the Re-election of the Board of Directors and Reorganization of the Committees:

Member	Dr. Ali Rashid Al-Kaitoub	Mr. Ahmed Al-Alami	Mrs. Iman Al-Madfa
Meeting date			
Meeting date: August 8, 2024	√	√	√
Meeting date: September 6, 2024	√	√	√
Meeting date: October 22, 2024	√	√	√
Meeting date: November 17, 2024	√	√	√
Number of attendees	4	4	4

√ Attendance X Absence

S. Annual Audit Committee Report:

<u>S. Annual Audit Committee Report:</u>	
Description	Explanation
1. Significant Matters Reviewed by the Committee Regarding the Financial Statements and How These Matters Were Addressed.	Matters related to financial statements are presented by the external auditors during the Audit Committee meeting, where they are discussed in detail. These matters are evaluated in terms of internal controls, risks, relevant accounting standards in accordance with International Financial Reporting Standards (IFRS), and any other regulatory requirements to ensure a fair presentation of the company's financial position.

<p>2. Explanation of How the Independence and Effectiveness of the External Audit Process Were Evaluated, the Approach Followed in Appointing or Reappointing the External Auditor, and Information on the Tenure of the Current Audit Firm.</p>	<p>In accordance with corporate governance regulations, the Audit Committee is responsible for managing the relationship with the external auditor and ensuring that reports are submitted directly to the committee. External auditors are evaluated based on the following factors:</p> <ul style="list-style-type: none"> - Competence and professional qualifications of the external auditors - Assessment of independence and impartiality - Evaluation of any conflicts of interest, if applicable - Understanding of the nature of the insurance business and the company's operations - Reputation and market standing of the firm <p>Based on the evaluation of these factors and in line with the Audit Committee's recommendations to the Board of Directors, a decision is made regarding the appointment or assessment of external auditors during the annual general meetings. The necessary notifications are sent to the Securities and Commodities Authority (SCA), the Central Bank of the United Arab Emirates (CBUAE), and other regulatory authorities to complete the procedures for obtaining a No Objection Certificate (NOC), where applicable.</p>
<p>3. A Statement Outlining the Committee's Recommendation Regarding the Appointment, Reappointment, or Dismissal of the External Auditor, and the Reasons for the Board of Directors' Non-Acceptance of Such Recommendation.</p>	<p>In the event that the Board of Directors rejects the Committee's recommendations regarding the selection, appointment, resignation, or dismissal of the external auditor, the Board must include a statement in the governance report clarifying the Committee's recommendations and the reasons for the Board's rejection of such recommendations.</p>
<p>4. Explanation of How the Independence of the External Auditor Is Ensured When Providing Services Other Than the Company's Audit Process.</p>	<p>The Committee annually evaluates the independence of the external auditor to ensure the preservation of their independence, taking into account the provision of non-audit services. The Committee also assesses the performance of the external auditor to ensure that the services provided align with best practices and international standards. In accordance with the External Auditor Appointment Policy of Union Insurance Company</p>

	(UIC), external auditors are prohibited from providing any services that may compromise their independence. Furthermore, external auditors are subject to stringent internal controls and approval procedures for accepting non-audit services.
5. Measures Taken or to Be Taken by the Committee to Address Any Deficiencies or Weaknesses in the Event of Failures in Internal Controls or Risk Management.	<p>During the year 2024, the Board of Directors and its various committees took several measures to enhance the governance framework and internal controls. Among the most notable of these measures are:</p> <ol style="list-style-type: none"> 1- Formation of Board committees in accordance with corporate governance requirements. 2- Review of Board committee charters to align with corporate governance regulations. 3- Separation of the Audit Committee from the Risk Management Committee, including oversight functions. 4- Development of an internal control framework and an internal audit charter. 5- Review of policies and standard operating procedures (SOPs) in line with corporate governance regulations. 6-Development and implementation of a whistleblowing policy. 7- Development of a fraud risk management framework. 8- Implementation of a solvency and risk assessment framework and a recovery plan. 9- Implementation of a remuneration policy. 10- Enhancement of the disclosure process for the Board of Directors and senior management. 11- Monitoring and documentation of related-party transactions. 12- Development and implementation of an outsourcing policy. 13- Monitoring reinsurance operations to improve internal controls. 14- Establishment of a succession plan for the Board of Directors and senior management.
6. A Statement Confirming That the Committee Has Reviewed All Reports with Medium and High Risks Issued by Internal Audit to	During the year 2024, as part of the internal audit plan approved by the Audit Committee, 122 observations

Determine Whether They Arise from Significant Failures or Weaknesses in Internal Controls.	related to high or medium-risk issues were identified during the review of operational processes across departments. Corrective actions have been implemented for most of the audit recommendations, while some points remain under implementation. These internal control-related issues are presented to the Audit Committee on a quarterly basis, where they are discussed in detail from the perspectives of internal controls and risk management.
7. Comprehensive Information on the Corrective Action Plan in the Event of Material Deficiencies in Risk Management and Internal Control Systems.	Comprehensive periodic reports are submitted to the Audit Committee regarding internal control issues identified during the review of operational processes, including their implementation status as agreed upon with the relevant departments. Internal control issues are automatically monitored through the system, with any delays escalated to the Chief Executive Officer (CEO). As part of senior management's commitment to ensuring timely implementation, a monthly report is submitted to the CEO in the event that the agreed timeframe for implementing corrective actions is exceeded. During the year 2024, 205 audit recommendations were implemented to enhance the internal control and risk management framework.
8. A Statement Confirming That the Committee Has Reviewed All Transactions Conducted with Related Parties, Along with Any Observations or Findings Resulting Therefrom, and the Extent of Compliance with Applicable Laws in This Regard.	There are no transactions made with related parties, and all transactions reviewed were previously mentioned in the report

2. Nominations and Remuneration Committee:

A. Approval of the Committee Chairman:

The Chairman of the Nominations and Remuneration Committee, Mr. Abdullah Al-Hosani, acknowledges his responsibility for the committee's framework within the company and confirms that he has reviewed its working mechanisms and ensured their effectiveness.

B. Members of the Nominations and Remuneration Committee and Statement of Its Competencies and Assigned Tasks:

Name	Position
Mr. Abdullah Al Hosani	Chairman of the Committee
Dr. Basil Al Hindawi	Member
Mr. Ahmed Al Alami	Member

Competencies and Responsibilities of the Nominations and Remuneration Committee:

1. Regulating and monitoring the procedures for nominating members to the Board of Directors in accordance with applicable laws, regulations, and the provisions of Decision No. 3/R.M of 2020.

2. Ensuring the ongoing independence of independent members. If the committee determines that a member no longer meets the conditions for independence, it must present the matter to the company's Board of Directors. The Board shall notify the member in writing, sent to their registered address with the company, of the reasons for the loss of independence. The member must respond to the Board within fifteen (15) days of being notified. The Board shall issue a decision regarding the member's status as independent or non-independent in the first meeting following the member's response or the lapse of the aforementioned period without a response.

If the loss of independence does not affect the minimum number of independent members required on the Board, this must be considered in the formation of committees.

Without prejudice to Article 145 of the Commercial Companies Law No. 2 of 2015, if the Board's decision regarding the loss of independence affects the minimum required proportion of independent members, the Board shall appoint an independent member to replace the affected member. The appointment must be presented to the company's general assembly for approval.

3. The committee is responsible for developing the policy for granting remuneration, benefits, incentives, and salaries to the company's Board members and employees. When formulating these policies, performance-related criteria must be used, aligning with the company's long-term performance.

4. Ensuring that rewards and bonuses, including options, deferred bonuses, and other benefits offered to senior executive management, are linked to the company's medium- and long-term performance.

5. The committee is responsible for developing the company's human resources and training policy, monitoring its implementation, and determining the company's need for high-caliber competencies at the senior executive and leadership levels. This includes periodically reviewing selection criteria, salaries, and other benefits in line with market standards to ensure competitiveness in attracting qualified individuals.

6. Promoting gender diversity in the Board's composition to encourage women to nominate themselves for Board membership and developing a specific policy for this purpose.

7. Ensuring the existence of an appropriate and updated succession plan for senior executives and committee chairpersons.

8. Any other matters determined by the Board of Directors.

C. Statement on the Number of Meetings Held by the Committee During the Financial Year, their Dates, and Attendance Records:

The Nominations and Remuneration Committee held 4 meetings during the year 2024. Below is a record of the meetings and attendance:

Nominations and Remuneration Committee Meetings	
Meeting on February 29, 2024	
Meeting on May 27, 2024	
Meeting on September 30, 2024	
Meeting on November 25, 2024	

Number of Personal Attendances by Members of the Nominations and Remuneration Committee:

Member	Mr. Abdullah Al Hosani	Dr. Basil Al Hindawi	Mr. Ahmed Al Alami
Meeting date			
Meeting on February 29, 2024	√	√	√
Meeting on May 27, 2024	√	√	√
Meeting on September 30, 2024	√	√	√
Meeting on November 25, 2024	√	√	√
Number of attendees	4	4	4

√ Attendance X Absence

3. Risk Management Committee:

A. Approval of the Committee Chairman:

The Chairman of the Risk Management Committee, Dr. Basil Al-Hindawi, acknowledges his responsibility for the committee's framework within the company and confirms that he has reviewed its working mechanisms and ensured their effectiveness.

B. Members of the Risk Management Committee and Statement of Its Competencies and

Assigned Tasks:

- Members of the Risk Management Committee prior to the re-election of the Board of Directors and the restructuring of the committees, as of 13/05/2024:

Name	Position
Dr. Basel Al-Hindawi	Chairman of the Committee
Mr. Abdullah Al-hosani	Member
Dr. Ali Al-kitoub	Member
Mr. Ahmed Al-Alami	Member

Risk Management Committee Members after the Board of Directors' Re-Election and Committee Structure Amendment as of 13-05-2024

Name	Position
Dr. Basel Al-Hindawi	Chairman of the Committee
Dr. Ali Al-kitoub	Member
Mr. Abdullah Al-hosani	Member

Responsibilities and Duties of the Risk Management Committee:

1. Adopting a comprehensive risk management strategy and policies that align with the nature and scale of the company's activities. This includes monitoring their implementation, reviewing them, and updating them in response to internal and external changes.
2. Defining and maintaining an acceptable level of risk exposure that the company may face, ensuring that this level is not exceeded.
3. Overseeing the company's risk management framework and evaluating the effectiveness of mechanisms for identifying and monitoring risks that may threaten the company to identify any inadequacies or inefficiencies.
4. Providing guidance to management, when needed, to help enhance its risk management practices and/or mitigate specific risks. This includes ensuring that qualified personnel at the management level are effectively implementing risk management systems.

5. Obtaining assurance from executive management and internal audit that risk management processes and systems operate effectively, with appropriate controls in place and adherence to approved policies.
6. Preparing detailed reports on risk exposure levels and recommended actions for managing these risks and submitting them to the Board of Directors.
7. Providing recommendations to the Board of Directors on matters related to risk management.
8. Ensuring the availability of adequate resources and systems for risk management.
9. Submitting periodic reports to the Board of Directors on the company's risk exposure and immediately notifying the Board of any material changes in risk levels.
10. Ensuring the independence of risk management personnel from activities that may expose the company to risks.
11. Reviewing any matters referred by the Audit Committee that may affect the company's risk management framework.
12. Reviewing the appointment, performance, and replacement of the Chief Risk Officer and overseeing the overall effectiveness of the risk management unit.

(C) Number of Meetings Held by the Risk Management Committee During the Year, their Dates, and Members' Attendance Records

The Risk Management Committee held 11 meetings during the year 2024. Below is a summary of the meetings and the number of times members attended in person:

Meetings of the Risk Management Committee
Meeting Date: February 21, 2024
Meeting Date: February 29, 2024
Meeting Date: March 07, 2024
Meeting Date: April 02, 2024
Meeting Date: April 09, 2024
Meeting Date: May 06, 2024
Meeting Date: May 16, 2024
Meeting Date: August 01, 2024
Meeting Date: October 14, 2024
Meeting Date: November 04, 2024
Meeting Date: December 09, 2024

Personal Attendance Records of the Risk Management Committee Members Before 13-05-2024

Member	Dr. Basel Al-Hindawi	Dr. Ali Rahid Al-kitoub	Mr. Abdullah Al-hosani	Mr. Ahmed Al-Alami
Meeting Date				
Meeting Date : February 21, 2024	√	√	√	√
Meeting Date : February 29, 2024	√	√	√	√
Meeting Date : March 07, 2024	√	X	√	√
Meeting Date : April 02, 2024	√	√	√	√
Meeting Date : April 09, 2024	√	√	√	√
Meeting Date : May 06, 2024	√	X	√	√
Number of Attendances	6	4	6	6

Personal Attendance Records of the Risk Management Committee Members After May 13-05- 2024

Member	Dr. Basel Al-Hindawi	Dr. Ali Rahid Al-kitoub	Mr. Abdullah Al-hosani
Meeting Date			
Meeting Date: May 16, 2024	√	√	√
Meeting Date: August 01, 2024	√	√	√
Meeting Date: October 14, 2024	√	√	√
Meeting Date: November 04, 2024	√	√	√
Meeting Date: December 09, 2024	√	√	√
Number of Attendances	5	5	5

(√ attendance, X absence.)

4-Investment Committee:

a- A. Committee Chairman's Report:

The Chairman of the Investment Committee, Sheikh/ Nasser bin Rashid Al Mualla, reports on the committee's governance system within the company, reviews its operational mechanism, and ensures its proper implementation.

B. Names of the Investment Committee Members, Their Responsibilities, and Assigned Duties:

Name	Position
Sheikh/ Nasser bin Rashid Al Mualla	Chairman of the Board
Ms. Iman Al-Mifa	Member
Mr. Mohammed Salem Al-Hosani	Member

Investment Committee Mandate and Responsibilities:

1. Developing and overseeing the investment strategy and policy.
2. Preparing investment plans, discussing and reviewing the principles related to the nature of investment activities, and formulating an action plan accordingly, with necessary recommendations submitted to the Board of Directors.
3. Reviewing financial performance results of investments and making the necessary recommendations.
4. Managing the company's investments in alignment with the company's interests and the directives of the Board of Directors.

(C) Number of Meetings Held by the Investment Committee During the Year and Attendance Records of Members

The Investment Committee held two meetings in 2024. Below is a summary of the meetings, their dates, and the personal attendance records of the members.

Investment Committee Meetings
Meeting Date: November 01, 2024
Meeting Date: December 09, 2024

Personal Attendance Records of Investment Committee

Member	Sheikh Nasser bin Rafah Al-Amala	Mr. Mohammed Al- Hosani	Ms. Iman Al-Mutaiq
Meeting Date			
Meeting Date : November 01, 2024	√	√	√
Meeting Date : December 09, 2024	√	x	√
Number of Attendances	2	1	2

(√ attendance, X absence.)

5-Committee for Monitoring and Regulating of Insider Transactions

A. Committee Chairman's Declaration:

Dr. Ayman Abdelrazek, Chairman of the Committee for Monitoring and Oversight of Insider Transactions, affirms his responsibility for the committee's governance system within the company, as well as his review of its operational mechanism to ensure its effectiveness.

B. Committee Members:

1. Dr. Ayman Abdelrazek – Head of the Legal Department – Committee Chairman
2. Mr. Amit Kataria – Head of Internal Audit Department – Compliance Officer – Member
3. Mr. Mohamed Radi – Assistant Vice President – Financial Controller – Finance & Accounts Department – Member

Committee Responsibilities and Duties:

- The committee is responsible for managing, monitoring, and overseeing insider transactions and holdings, maintaining the insider register, and submitting regular disclosures and reports to the market.
- Maintaining a comprehensive register of all insiders, including their details and periodic disclosures submitted by Board members.
- Notifying regulatory authorities of any changes to the insider register.
- Informing any individual of their insider status as soon as they qualify as an insider and obtaining their signature on the designated forms.
- Notifying insiders of trading blackout periods as determined by the market upon receipt, in addition to any other restrictions imposed by applicable regulations and circulars. The committee is also responsible for clarifying permanent and temporary blackout periods.

- Reviewing and monitoring insider trading policies, including periodic updates, and receiving and reviewing reports on insider trading transactions.
- Informing the Board of Directors of any insider trading violations and reporting the actions taken and/or required in accordance with applicable laws, regulations, and circulars.
- Ensuring the confidentiality of information and data provided by the Board of Directors.

C. Summary of the committee's activities during the year 2024:

The committee held one meeting on 17-12-2024 with the attendance of all its members. During the meeting, the committee reviewed the dealings of insiders by examining the trading reports received from the market, reviewing the insiders' register, monitoring the trading blackout periods defined by the market, and ensuring that insiders were notified accordingly.

6-Board of Directors' Delegated Duties and Authorities to Executive Management

Mr. Ramez Abu Zaid has been delegated with authority in his capacity as Chief Executive Officer of the company.

s	Authorized Person	Scope of Authorization	Duration of Authorization
1	Mr. Ramez Abu Zaid	Special legal power with limited authority	Indefinite

In accordance with Federal Law No. 32 of 2021 on Commercial Companies, the Chief Executive Officer (CEO), based on a special authorization granted by the current Board of Directors, exercises the necessary powers to manage the company's operations, which include:

1. Representing the company before all natural and legal persons, ministries, authorities, committees, councils, official entities, government and civil departments, chambers of commerce and industry, the Ministry of Economy, the Ministry of Human Resources and Emiratization, economic development departments, municipalities, the General Directorate of Residency and Foreigners Affairs, internal security and border control authorities, ports, customs, traffic departments, federal and local public prosecution offices, notaries, insurance companies, and telecommunications entities.
2. Signing all contracts, transactions, correspondences, and documents related to the company's business and submitting and following up on any necessary or required applications with any competent authority, whether federal, municipal, or governmental within the United Arab Emirates or abroad.
3. Managing the company's legal disputes by issuing instructions to the company's attorney regarding the submission of statements of claim and written pleadings before courts in the United Arab Emirates and other countries, regardless of their types, levels, execution departments, investigation departments, notary public offices, and judicial committees specialized in resolving rental disputes in any emirate within the United Arab

Emirates. This includes taking all necessary actions and procedures required for filing and following up on lawsuits, whether initiated by or against the company, as well as undertaking precautionary measures, notifications, presenting evidence, submitting memoranda, petitions, objections, notices, warnings, counterclaims, allegations of forgery, appointing experts, requesting the release of seizures, intervening as a third party, adding additional defendants, acknowledging claims, waiving rights, settling disputes, accepting or administering oaths, rejecting oaths, withdrawing from litigation, waiving judgments in whole or in part, appealing decisions, lifting precautionary measures while maintaining the debt, alleging forgery, requesting the recusal of a judge, arbitrator, or expert, and either accepting or rejecting offers. Additionally, the CEO has the right to receive all official notifications and communications related to the company from any governmental, non-governmental, judicial, or non-judicial entity and to serve notices to third parties. The CEO is further empowered to file complaints on behalf of the company before the police, public prosecution, and courts and to withdraw such complaints after ensuring the company's rights are secured—whether within the United Arab Emirates or abroad. The CEO is also authorized to delegate or assign these powers to any company employee as deemed necessary.

Furthermore, the CEO has the authority to buy, sell, register, and renew company-owned vehicles with the relevant authorities within the UAE and abroad and to delegate this responsibility to any company employee.

4. Selling, purchasing, registering, and renewing the vehicles owned by the company with the relevant authorities within the country and abroad, as well as delegating any of the company's employees for this purpose.

7- Details of Transactions with Related Parties During the Financial Year 2024

The details of transactions with related parties pertain to associate insurance companies in Union Insurance and cover the scope of insurance operations, public liabilities, vehicles, and other related applications, as follows:

Transactions with Related Parties	AED/Dirhams
Accounts Receivable – Former Board of Directors	26,598,3723/- (fully allocated and legally settled)
Accounts Receivable – New Board of Directors	190,245/-
account payable – New Board of Directors	-141/-
Retained Ownership Shares	0
Total Outstanding Settlement Claims	7,685/- Dirhams
Investment Properties - Former Board of Directors	(fully allocated and legally settled) 72,270,000/-
Net Transaction Amounts / Al Sahel Financial Securities	Net Transaction Amounts 6,812,319 Dirhams
Underwritten Installments	288,734/- Dirhams
Paid Claims	155,464/- Dirhams

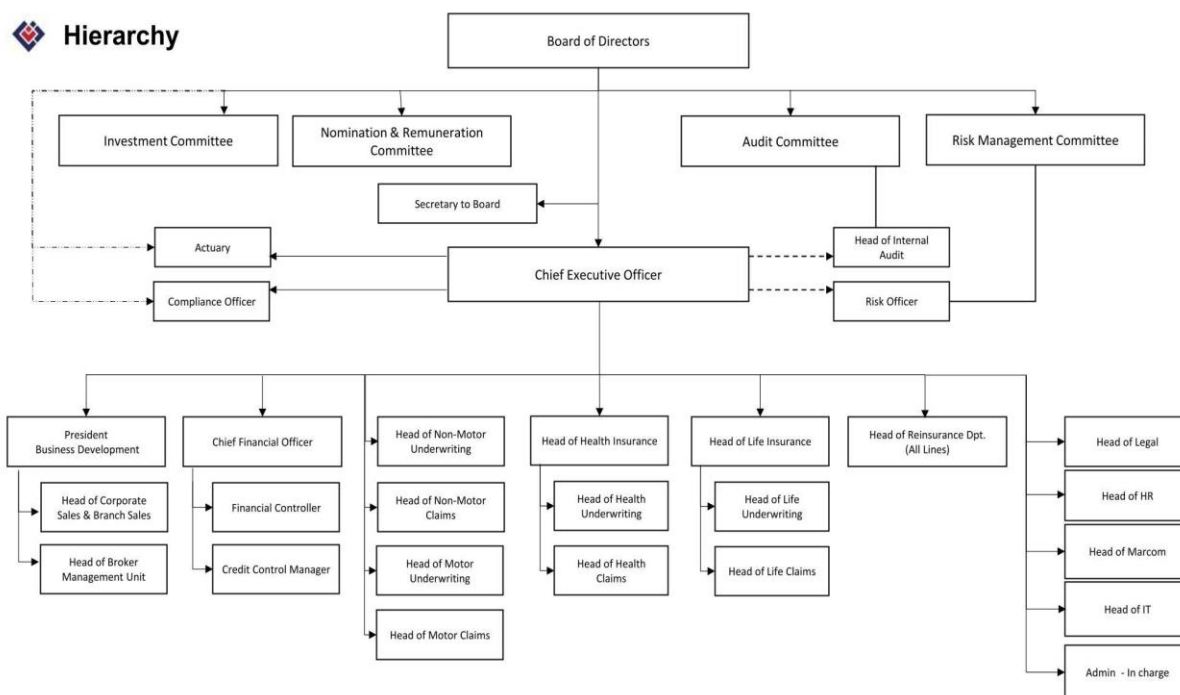
Fixed Deposits and Current Account Balance	76,600,915/-
Interest Revenue from Bank Deposits	3,635,975/-
Banking Expenses	168,480/-
Rental Payments	500,000/-

5. Evaluation of the Board of Directors, its Committees, and the Executive Management:

An annual assessment of the performance of the esteemed members of the Board of Directors and its committees was conducted by the Nomination and Remuneration Committee, supported by the Board Secretary.

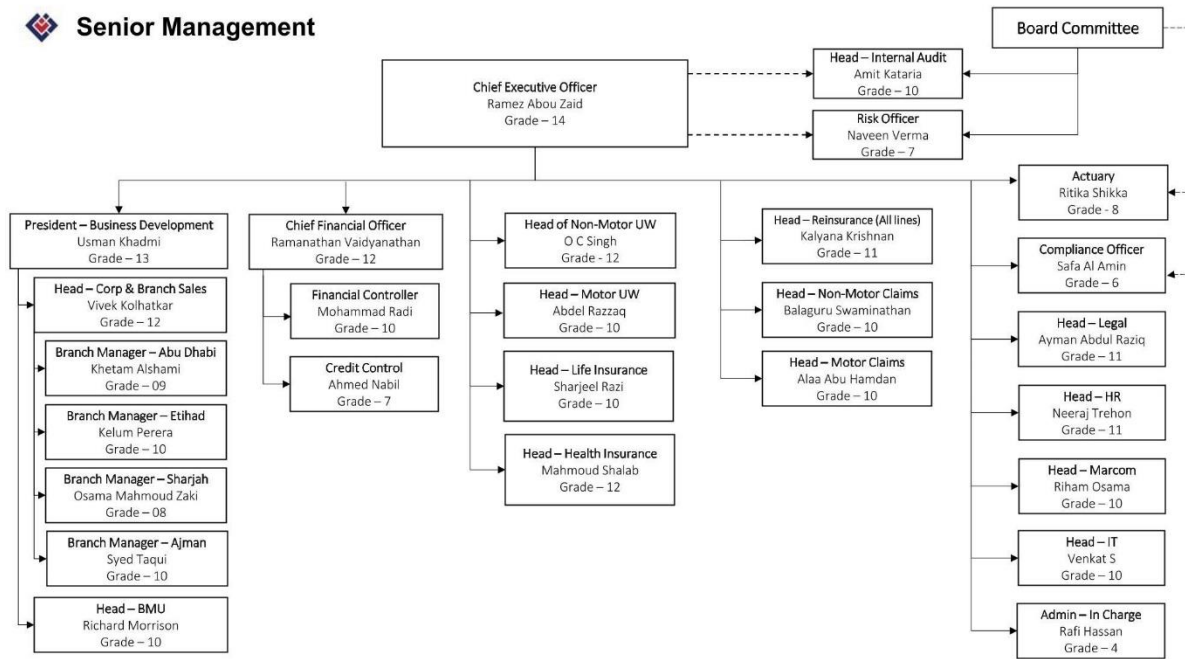
6. Organizational Structure and Executive Management:

a. Complete Organizational Structure of the Company:





Senior Management



B. Detailed Statement of Senior Executive Employees for 2024

1-Statement of Senior Executive Management for the Year 2024:

Name	Position	Date of Appointment	Qualifications
Ramez Abu Zaid	Chief Executive Officer	01/12/2023	<ul style="list-style-type: none"> Bachelor of Law from Ain Shams University, Arab Republic of Egypt Former General Manager of Dubai National Insurance Company until 2021 Recipient of the Top 10 CEOs Award in the GCC and MENA region for the years 2018 and 2019 Member of the Supreme Technical Committee of the Emirates Insurance Association from 2015 to 2021 Board Member of the Emirates Insurance Association in 2020 and 2021 Chairman of the Motor and Legal Committees at the Emirates Insurance Association from 2015 to 2018 Member of the Legal Committee of Dubai Chamber of Commerce and Industry for drafting new legislation in 2014 Awarded by the Insurance Authority for personal achievements in the development of the insurance sector in 2020 Certified Arbitrator at the Sharjah International Commercial Arbitration Center from 2012 to 2021

2-Statement of Salaries, Allowances, and Bonuses Paid or Accrued for Executive Management for the Year 2024:

Position	Date of Appointment	Total Salaries and Allowances for 2024 (AED)	Total Bonuses for 2024 (AED) Paid or Allocated
Chief Executive Officer	01/12/2023	Fixed Salary:1,400,000 Variable Salary:200,000	852,800
President – General Insurance	16/10/2011	1,020,000	-
Chief Financial Officer	01/08/2019	756,000	18,000
Head of Health Insurance	01/08/2012	724,380	51,741
Head of Information Technology	01/04/2013	496,512	34,506
Head of Human Resources	01/05/2019	540,000	40,500
Head of Legal Affairs	01/05/2013	756,000	18,000
Director of Internal Audit & Compliance	10/11/2013	451,500	31,500
Head of Risk Management / Resigned on 08-06-2024	27/11/2023	184,333	–

*** Please be informed:** The compensation policy approved by the Board of Directors in December 2024 will be applied to the disbursement of bonuses for senior management and risk takers in line with governance. Accordingly, only 70% of the bonus amount will be paid in 2025, while the remaining 30% will be deferred and paid in equal installments over the next three years

7-External Auditor

A. Overview of the External Auditor:

Grant Thornton was appointed as the external auditor for Union Insurance Company pursuant to a resolution issued by the General Assembly on 19-04- 2023. Grant Thornton has been operating in the United Arab Emirates for over 55 years and has three offices in the country. The company employs 450 professionals locally and has a global presence with 750 offices worldwide and approximately 62,000 employees. It provides services to various economic sectors. It is worth noting that this is the first appointment of Grant Thornton as the external auditor for Union Insurance Company.

B. Statement of Fees and Costs Related to the External Auditor:

Audit Firm Name	Grant Thornton
Audit Partner	Mr. Mohammed Ali
The number of years served as the company's external auditor.	3
Total audit fees for the financial statements of the year 2023	AED 620,000/-
Fees and expenses for other non-audit services related to the financial statements of 2023	
Description and Nature of Services Provided	Review of the quarterly reports and validation of the quarterly and annual electronic forms submitted to the Insurance Authority, validation of the supervision fees for the Authority, and validation of the forms for the Department of Health – Abu Dhabi. Review and validation of quarterly investment reports, Anti-Money Laundering (AML) reports as mandated by the Insurance Authority for the preparation of the annual final reports. Additionally, the review of insurance contracts in accordance with IFRS 17 standards, along with the assessment of the Internal Controls over Financial Reporting (ICOFR).
Other services provided by another external auditor During 2024	Issuance of ICV Certificate for a Fee of AED 13,000

The Annual General Assembly, in its meeting held on 19-04- 2024, approved the appointment of Grant Thornton as the external auditor of the company for the fiscal year 2024. The audit fees were set at AED 600,000 covering all professional services related to the review of interim and annual financial reports.

C. The reservations included by the external auditor in the interim and annual financial statements for the year 2024:

No reservations provided by the external auditor.

8- Internal Control System

A. Acknowledgment by the Board of Its Responsibility for the Internal Control System and Its Review of Its Effectiveness:

The Board of Directors unequivocally acknowledges their full liability for the internal control system within the company and asserts that they have reviewed and assessed the system's effectiveness in strict adherence to all relevant applicable laws, systems, and the resolutions issued by the Securities and Commodities Authority.

B. Director of the Department and His Qualifications:

A dedicated internal audit department has been established, managed by Mr. Amit Katriya, who was appointed on 10-11-2013. In addition to his role as the Head of the Internal Audit Department, he also serves as the Compliance Officer. Mr. Katriya holds a bachelor's degree in commerce from the University of Mumbai (College of Commerce and Economics), is a Chartered Accountant (ICAI) from the Institute of Chartered Accountants of India and holds the AICPA certification from the American Institute of Certified Public Accountants in Colorado. He has 21 years of experience in auditing, compliance, and risk management, and he has worked with various insurance companies such as TATA AIG and Universal Sampo Japan.

C. Compliance Officer Name, Qualifications, and Appointment Date:

Mr. Amit Katriya serves as the Compliance Officer of the company. A request for a No Objection Certificate (NOC) was submitted to the Central Bank of the United Arab Emirates for the appointment of a new Compliance Officer on July 8, 2024. The response is still pending.

D. How the Internal Audit Department Deals with Major Issues within the Company:

The Internal Audit Department formulates an annual plan that identifies potential risks and evaluates their level of severity, covering audits across the company's various departments, divisions, and branches. Periodic reports detailing completed tasks are submitted to the Audit Committee, which subsequently presents them to the Board of Directors, accompanied by a plan aimed at addressing or minimizing any violations, should they arise. It is noteworthy that the Internal Audit Department has not encountered any significant issues within the company during the year 2023.

F. Number of Reports Issued by the Internal Audit Department:

The Internal Audit Department has issued a total of (11) reports during the year 2024.

H. Report on the Risk Management Framework and Internal Controls

A. Applicable Governance Rules

A detailed report on governance requirements was presented to the Board of Directors, including the Audit Committee and the Risk Management Committee. The extent of implementation of these requirements was discussed, and any identified gaps—if any—were highlighted for the purpose of addressing them.

B. Self-Assessment Approach of the Board's Performance

A comprehensive self-assessment model was developed and approved by the Board of Directors to annually evaluate the performance of the Board and its committees. For the year 2024, an external consultant will be appointed to review the Board's performance.

C. Internal Audit Procedures and Their Scope as Applied by the Board

During 2024, internal audits of operational procedures were conducted in accordance with the annual audit plan approved by the Audit Committee. A total of 11 internal audit reports related to operational insurance activities were issued, presented to the Audit Committee, and discussed during its meetings. These reports also included observations related to risks associated with the reported findings.

The number of audit observations and recommendations related to operational controls and risk management amounted to 137, of which 122 were classified as high or medium risk. As part of senior management's commitment to enhancing the risk management and internal control framework, 73 of these recommendations have been implemented, while implementation plans for the remaining observations are currently underway.

Additionally, gaps in the internal control system over financial reporting were presented through a report submitted to both the Audit Committee and the Risk Management Committee of the Board. As part of the corrective action plan to improve the internal control and risk management framework, 205 audit recommendations were implemented during 2024.

9- Details of Violations Committed During the Financial Year, Their Causes, and How They Were Addressed to Prevent Recurrence in the Future:

In 2024, the Union Insurance Company received an inspection report from the Central Bank of the United Arab Emirates, highlighting certain violations related to corporate governance regulations. We took these observations very seriously and executed immediate and effective measures to address all the violations outlined in the report.

10- Statement of Financial and In-Kind Contributions Made by the Company During 2024 to the Development of the Local Community and Environmental Sustainability:

Social Responsibility

Social Initiatives by Union Insurance Company

Our customers continue to benefit from the Balsem electronic platform, a value-added program that offers various tailored services providing coverage for certain services not covered by traditional health insurance policies. Therefore, this enables our clients to access the programs.

During the holy month of Ramadan, we once again organized a clothing donation campaign in collaboration with Dar Al Ber Society. Donation boxes were placed at all our offices, and we successfully donated nine full boxes to the charitable organization.

In partnership with the Health Insurance Department, we organized a campaign for unused medicines to ensure their safe disposal and raise awareness of the importance of preventing medication waste in order to reduce financial and environmental impacts. We collected approximately 16 bottles of syrup, 5 inhalers, 1 cream, 2 nasal drops, and 753 tablets, all of which were donated to the Dubai Health Authority.

We have been continuously working on utilizing various channels to raise awareness about the importance of medical screening examinations, under the Basma Program of the Dubai Health Authority, for diseases such as breast cancer, cervical cancer, colorectal cancer, Hepatitis B, and Hepatitis C.

We also provide free health insurance coverage for families unable to pay insurance premiums. In 2024, we donated insurance policies worth AED 8,100.

Employees

Employee health is a top priority at Union Insurance Company, and our management team actively contributes to defining and executing improvements in policies that support and benefit our employees.

Our Health Insurance Department has organized online awareness sessions. For our male employees, we held a session on prostate cancer, and for our female employees, we organized a special event to raise awareness about breast cancer. Distinguished doctors from Aster Hospitals have delivered informative and educational lectures., in respect thereof

Under the umbrella of the Balsam Awareness Program, and to ensure the health of our employees, we conducted health screening examinations that included cholesterol levels, blood sugar tests, blood pressure assessments, and body mass index evaluations. For the first time, we included a HbA1c test, and all screenings were followed by consultations with a general physician.

Our employees also have benefited from an eye health check-up camp. In partnership with experienced ophthalmologists, the initiative offered eye screening examination for early detection of any vision issues.

For the first time, the company hosted an Iftar for all employees to promote inclusivity and strengthen team bonds.

In line with the federal government's initiative, we continued to enhance work-life balance by adopting a 4.5 day workweek.

Additionally, the company publishes a bi-weekly employee magazine, Al-Ettihad Magazine, to boost employee engagement and improve internal communication. The magazine also serves as a platform to share the latest company developments and celebrate achievements.

Environmental Responsibility

Energy Conservation

Our goal is to enhance energy efficiency at Union Insurance Company in alignment with the UAE's initiatives to reduce emissions.

We have installed LED lights in our local offices, and the air conditioning system is programmed to turn off when no one is present in the office. We have also increased awareness of energy conservation among our employees, where the staff members ensure to turn off the lights before leaving.

Papers

We consistently launch initiatives to reduce our environmental footprint across our local offices. We also engage employees through environmental awareness and education, encouraging them to take more responsibility toward the environment.

We strive to manage our business in a manner that does not harm the surrounding ecosystem. As part of our significant steps in our digital transformation, we are reducing paper usage. Our customers can now purchase policies and submit claims online, which has also helped reduce air pollution as fewer customers need to visit our offices for insurance services.

Ink Cartridges

The company's initiative for recycling used ink cartridges now includes all types of cartridges. We have recycled 2,720 ink cartridges since 2015 until December 31, 2024.

In selected departments, black and white printers have replaced color printing for environmentally friendly printing, as this reduces ink consumption.

Plastic Water Bottles

We started recycling plastic water bottles across all our offices in 2022 to minimize our business's impact on the environment by reducing carbon dioxide emissions and conserving energy and water. We also have been encouraging employees to bring their own bottles from home.

Cans

We expanded the scope of our recycling initiative in 2023 to include metal cans.

11- General Information:

A- A statement of the company's share price in the market (closing price, highest price, lowest price) at the end of each month during the fiscal year 2024:

Month	High	Low	Last Close
Jan-24	0.690	0.600	0.600
Feb-24	0.540	0.540	0.540

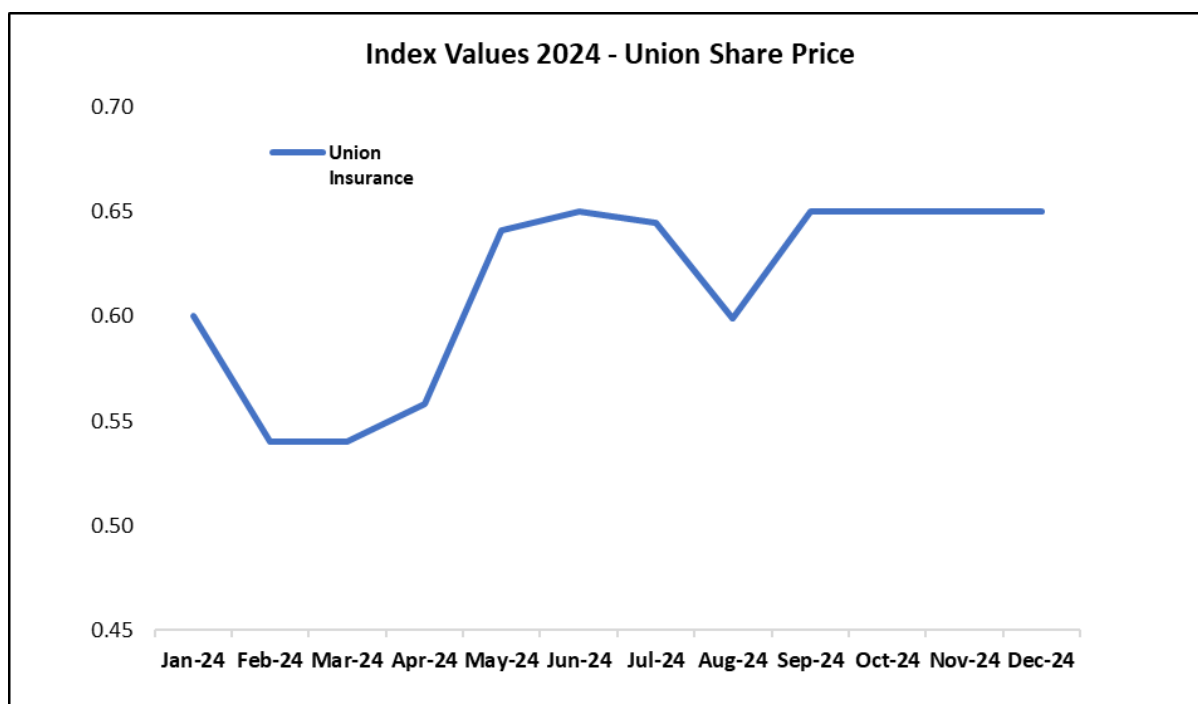
Mar-24	0.540	0.540	0.540
Apr-24	0.558	0.486	0.558
May-24	0.641	0.600	0.641
Jun-24	0.650	0.600	0.650
Jul-24	0.645	0.620	0.645
Aug-24	0.645	0.598	0.599
Sep-24	0.650	0.599	0.650
Oct-24	0.650	0.599	0.650
Nov-24	0.650	0.650	0.650
Dec-24	0.650	0.585	0.650

B- A statement of the company's stock performance during the year 2024.

Month	Union Insurance
Jan-24	0,60
Feb-24	0,54
Mar-24	0,54
Apr-24	0,56
May-24	0,64
Jun-24	0,65
Jul-23	0,65
Aug-24	0,60
Sep-24	0,65
Oct-24	0.65
Nov-24	0.65

Dec-24	0.65
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[Source: ADX Website](#)



C- A statement of shareholder ownership distribution as of 31/12/2024 (individuals, companies, governments) classified as follows: local, Gulf, Arab, foreign:

S. N	Shareholder Classification	Shareholding			
		Individuals	Companies	Government	Total
1	Local	121,272,339	196,191,537	0	317,463,876
2	GCC	160,165	0	0	160,165
3	Arab	14,380	122	0	14,502
4	Foreign	900,637	12,400,000	0	13,300,637
	Total	122,347,521	208,591,659	0	330,939,180

D- Statement of Shareholders Holding 5% or More of the Company's Capital as of 31/12/2024:

S.N	Shareholder Name	No. of shares	Shareholding
1	Salem Abdullah Salem Al Hosani	76,614,519	23.15%
2	AL SALEM CO. LTD.	66,710,022	20.16%

3	UMM AL QAIWAIN GENERAL INVESTMENTS P.S.C	65,179,710	19.70%
4	GULF GENERAL INVESTMENTS COMPANY P.S.C	22,943,161	6.93%
5	SUQUE AL. KHALIJ COMPANY OR GENERAL TRADING LLC	20,055,020	6.06%

E- Statement on the Distribution of Shareholders by Ownership Size as of 31/12/2024:

S.N	Shareholding (share)	No. of shares	No. of shares owned by	Shareholding
1	Less than 50,000	12,703,161	1,996	3.8%
2	From 500,000 up to less than 500,000	6,493,080	49	2.0%
3	From 500,000 up to less than 5,000,000	28,304,391	14	8.6%
4	Over 5,000,000	283,438,584	9	85.6%
	TOTAL	330,939,180	2,068	100.0%

F- Actions Taken Regarding Investor Relations Controls:

Ms. Riham Osama has been appointed as the Investor Relations Manager. She holds a bachelor's degree in commerce with a major in Accounting from Ain Shams University and a master's degree in Global Marketing from the University of Liverpool. She can be contacted via the details published on the company's website:

Riham Osama – riham.o@unioninsurance.ae – Phone: +971 4 378 7609

Additionally, an online link has been created on the company's website:

(https://www.unioninsurance.ae/en/about_us/#/InvestorRelations)

Through this website, stakeholders can access all financial reports, company news, developments, and material events related to the company.

G- Special Resolutions Presented to the General Assembly in 2024 and Actions Taken:

- On 11-01-2024, an Extraordinary General Assembly Meeting was held to deliberate on a special resolution regarding the company's continuity in business, or its dissolution before its designated term. This was due to the

company's accumulated losses exceeding 50% of its capital. The General Assembly approved the company's continuation.

- On 19-04-2024, an Ordinary General Assembly Meeting was held during which the special resolutions related to amendments to the company's Articles of Association were approved. The amendments affected the following articles (1, 5, 17, 18, 20, 22, 23, 26, 27, 28, 29, 32, 37, 40, 41, 42, 44, 48, 53, 56, 57, 58, 65, 68, 70, 71, 72).

H- Board Meeting Secretary and Appointment Date:

Ms. Raneem Fajr Mahmoud serves as the Secretary of the Company's Board of Directors. She was appointed by the Board on 29/09/2021

K- Material Events Encountered by the Company During 2024:

- The company appointed Mr. Ramez Abou Zeid as Chief Executive Officer.

- Fitch Ratings assigned the company a Financial Strength Rating of BBB for the first time, with a Positive future Outlook.

The positive future outlook reflects the anticipated improvement in financial performance following management's initiatives to enhance underwriting profitability. This rating also underscores Union Insurance's strong balance sheet, operational efficiency, and robust reinsurance protection.

- The company entered into a strategic agreement with Copart UAE Auctions LLC and Emirates Auctions to introduce an electronic car auction service, enhancing the efficiency of salvaged vehicle management.

-To strengthen engagement and foster stronger ties with insurance brokers, the company hosted a networking dinner to exchange expertise and discuss industry challenges.

L- Statement of Transactions Conducted by the Company in 2024 Equal to 5% or More of the Company's Capital:

The company sold Plot No. 412 (612-9865), owned by the company and recorded as an asset in its books, located in the Ras Al Khor Industrial Area, under the following terms:

- Potential Buyer: City View Real Estate Development LLC
- Land Sale Price: AED 75,000,000 (fully borne by the buyer)
- Dubai Land Department Fees: 4% of the sale price, amounting to AED 3,000,000 (borne by the buyer)
- Real Estate Broker's Commission: 2% of the sale price, amounting to AED 1,500,000, plus 5% VAT, bringing the total to AED 1,575,000 (borne by the seller, Union Insurance Company).

P- Emiratization Rate as of Year-End 2023-2024:


The company's Emiratization rate for 2023 was 15.3%.

The company's Emiratization rate for 2024 was 20.83%.

Q- Innovative Projects and Initiatives Undertaken or Under Development in 2024:

The company has not undertaken or developed any innovative projects or initiatives during 2024.

The signatories of the report are responsible for the accuracy of the information stated above

Position	Signature	Date
Chairman of the Board		24-03-2025
Chairman of Audit Committee		24-03-2025
Chairman of Nomination & Remuneration Committee		24-03-2025
Director of the Internal Control Department		24-03-2025



Sustainability Report 2024

Table of Contents

Table of Contents	2
Introduction	3
About this report	3
About us	3
Mission.....	3
Vision	3
Values.....	4
A Successful Growth Story.....	4
.....	4
Financial Stability	5
Management	5
Reinsurance Arrangements.....	5
Solvency and Investments	5
Rating.....	6
Claims Management.....	6
Corporate Governance.....	8
Compliance	8
Risk Management	8
Distribution Channels	9
Business Continuity	10
Social Responsibility.....	11
Social Initiatives by UIC	11
Environmental Responsibility	14
Energy Efficiency	14
Paper	14
Ink cartridges	14
Water Bottles	14
Cans	14

Introduction

About this report

We, Union Insurance company, are pleased to issue our Sustainability report for the year 2024. Through this report, we are highlighting our capabilities and achievements that comply with the ESG values and objectives.

This report has been issued in compliance with the disclosure guidance set by the Abu Dhabi Securities Exchange on Environmental, Social & Governance (ESG) Disclosures for listed companies.

About us

Union Insurance was established in 1998 with a paid-up capital of over AED 330 million. It is licensed by the Central Bank of UAE and listed on the Abu Dhabi Securities Exchange, with its head office located in Dubai.

At Union Insurance, we provide a comprehensive range of retail and commercial insurance products to clients in the UAE, as well as the Middle East. Led by some of the most experienced and respected professionals in the industry, we make it a point to offer innovative, superior-value insurance coverage.

This includes both standard and customised policies to help individuals; small, medium, and large enterprises; and government entities, obtain reliable and cost-effective insurance covers. We offer additional insurance services as well. They include risk assessment and gap analysis of insurance coverage, conducted by professionals with decades of experience.

Our comprehensive coverage in areas including (but not limited to) health, automobiles, life, property, engineering, liability and maritime, frees our clients to focus on their core operations, and gives them the surety of having robust insurance policies to manage various risks.

We have obtained ISO 14001, ISO 45001, ISO 9001 and ISO 10002 certification.

Mission

To deliver innovative, high-value insurance products that provide better risk management solutions to individuals, companies and governments.

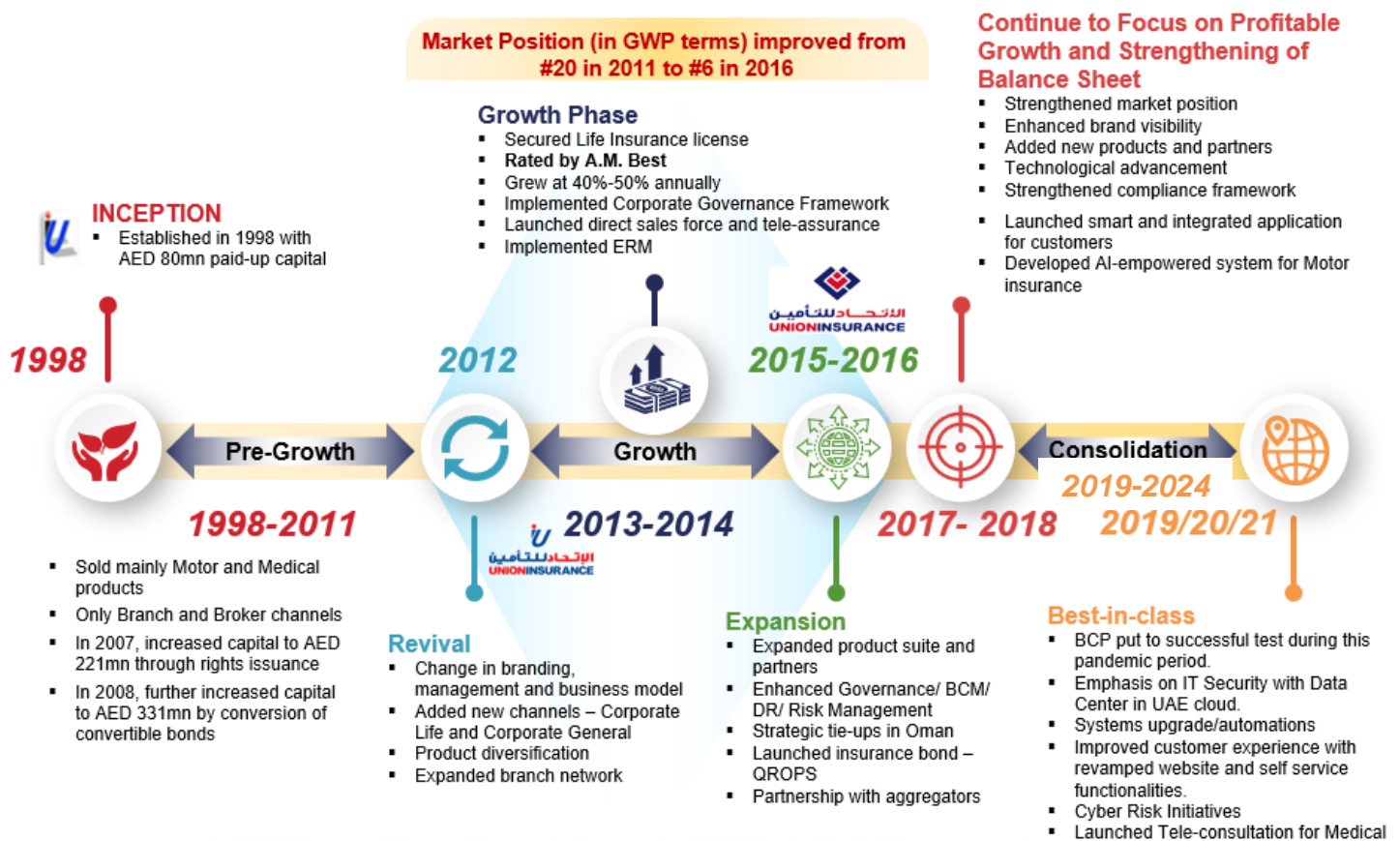
Vision

To be the trusted insurance provider in the United Arab Emirates and wider Middle East region.

Values

Empowerment- Equal Opportunity- Friendship- Innovation- Quality- Reliability- Social Responsibility- Teamwork- Trust

A Successful Growth Story



Financial Stability

Management

Union Insurance witnessed a change in management in 2023. Where Mr. Abdul Muttaleb Al Jaedi who served as the CEO for almost 11 years, retired in September 2023 and Mr Ramez Abou Zaid was appointed as the CEO effective February,2024.

Union management team comprises well experienced and qualified senior professionals. All the key positions such as in Underwriting, Finance and Accounting, Legal, Actuary, IT and Business are filled with professionally qualified personnel.

Reinsurance Arrangements

Union is supported by a panel of leading A-rated reinsurers who have long standing arrangements with the company. This has helped in sustaining the financial stability of the company.

Key Performance Indicators	2023	2024
	AED'000	AED'000
Insurance Revenue	633,537	591,417
Insurance Service Result	1,214	28,621
Reinsurance Ratio	58.3%	53.4%
Net Claims Incurred Ratio	57.0%	60.8%
Profit/(Loss) for the period	(2,479)	38,306
Return on Average Equity	-1.20%	17.09%
SCR Solvency Margin Surplus/(Deficit)	46,612	44,306
Solvency Ratio	144%	143%

Solvency and Investments

UIC's solvency position remains healthy, with a regulatory solvency margin surplus of AED 44,306,00

The company monitors its solvency position regularly.

Rating

Fitch Ratings has assigned Union a first-time Insurer Financial Strength (IFS) Rating of 'BBB' with a Positive Outlook.

The Positive Outlook reflects potential improvement in financial performance following management actions to improve the profitability of Union's underwriting book. The rating reflects the insurer's strong capitalisation, good company profile and strong reinsurance protection.

Claims Management

As an Insurance Provider, we safeguard the financial stability and sustainability of individuals and businesses. Our commitment to ensuring that claims are paid quickly and sufficiently is therefore enhanced as an individual or Enterprise's financial losses incurred due to an insurable event may force them to leave this country. The claims we pay towards Healthcare, Credit, Property and Liability are examples of where our company has helped individuals and Enterprises suffering from financial losses by providing them with payments, either on indemnity basis or fixed sum assured and contributing to the economy by doing so. In turn, we have developed products and incorporated coverages that are deemed attractive to policyholders given the potential associated financial loss, such as involuntary loss of earnings options, whilst ensuring that terms and condition are clear and concise, increasing transparency to customers, which contributed to the sustainability of the company.

The table below summarizes our claims experience over each of the last 5 years. Our performance has been consistent across all years, with net loss ratios between 40-70%, demonstrating our stability and sustainability.

Net Claims Analysis AED'000s			
Loss Year	Incurred Claims	Earned Premium	Loss Ratio
2020	130,238	288,445	45%
2021	159,882	302,179	53%
2022	162,717	323,026	50%
2023	151,105	242,597	62%
2024	166,851	238,923	70%
TOTAL	770,793	1,395,171	55%

Our incurred claims represent the total claims expected, including claims already paid. Our future estimates are based on recent experience, which are updated on a



quarterly basis in case of any adverse experience. This is done to minimize unexpected claims and ensure sustainability in the long term. This demonstrates our continued commitment of ensuring that policyholder liabilities are met appropriately.

Further, our efficient underwriting processes result in healthy loss ratios, ensuring that we have sufficient funds to cover the fixed and variable expenses associated with the business. This is vital to ensure our business remains sustainable.

Corporate Governance

Compliance

The Compliance and Corporate ethics policies have been implemented and these are our enabler in sustainability framework. The Regulatory areas are given outmost priority and adherence to regulatory Compliance requirements are always ensured. The Corporate Code of conduct policy has been revised and updated from time to time. We have robust and comprehensive process for handling all relevant regulatory and compliance requirements including submission to the Regulatory bodies. The dedicated Compliance team as part of UIC line of defense is formed to liaise with Regulatory bodies and responsible for Compliance Monitoring framework. Following are the key highlights related to UIC Sustainability in Compliance:

1. UIC Compliance Manual
2. Anti-Money Laundering Policy/AML Screening system
3. Effective Corporate Governance Framework
4. Compliance Management System with Regulatory Repository
5. Compliance Owners and Compliance monitoring Controls
6. Compliance Training to Employees

Risk Management

The goal of UIC Risk Management process is to ensure that the operations which expose us to risk are consistent with our Strategy /Business plans and overall Risk philosophy while maintaining an appropriate balance between risk/ reward and enhance the stakeholders value. The Insurance processes are designed within the Risk Management framework to ensure assessment of risks prior to underwriting. The Risk Management principles are embedded in UIC Operational and Financial Processes and further mitigation/controls are assigned for the risks which are having impact on UIC Operational Processes. A dedicated risk management department has been formed with a Risk officer which reports directly to the Risk Committee. The Risk Committee charter is already approved by the Board Committee and risk committee separated from the Audit Committee. The Board monitors the overall UIC Risk Management framework, process and practices and approves the overall Risk Appetite. The Risk Management Committee of the Board has primary oversight over

Enterprise Risk Management and Senior Management share responsibility and accountability for effective management of Risks across the Organization. The Risk registers of all the key processes like Underwriting, Operational, Financial and Regulatory areas are developed with the Mitigation/Controls. Further the Emerging risks are also monitored for risk exposure and time to time communicated within the Risk owners to have adequate controls in their area of Operation. The qualitative and Quantitative approach is being followed for assessment of risks and monitoring the Risk exposure for each type of risk category. Following are the key highlights related to UIC Sustainability in Risk Management:

1. Risk Committee Charter
2. Risk Committee Oversight Role
3. ERM Procedures
4. Enterprise wise Risk Register with Mitigation Controls and Regular Risk Assessment
5. Risk Management (GRC) system
6. Risk Management Strategy
7. Risk Appetite and Tolerance Limits
8. Risk Culture with the Functional Departments

Distribution Channels

The company also utilises a number of diversified channels ensuring sustainability, reduction in costs and continued growth. We also continue to use social media where we engage with our customers through five platforms (Facebook, Instagram, LinkedIn, Twitter and WhatsApp).

Business Continuity

- We have an efficient approach to data backup and recovery. We keep a secure storage of data that prevents loss and permits timely restoration.
- We also have ISO27001 and SOC Compliant Data Centre with primary site in Dubai and DR site in Abu Dhabi and we regularly conduct drill to test the IT Disaster Recovery plans effectively.

Digital Enterprise Transformation

- We implemented advanced analytics, digital transformation, cloud, cyber security, accelerators that create value for us and our customers and to drive business growth.
- Our insurance-specific offerings in the areas of customer engagement and experience, business transformation, protecting the enterprise and finance and risk management — all infused with digital technologies including process automation, analytics and more.
- We are in progress of application modernization for improving the velocity of new feature delivery, exposing the functionality of existing applications to be consumed via API by other services, and re-platforming applications from on-premises to cloud for the purpose of application scalability and performance as well as long-term data centre and IT strategy.
- By implementing SOC services, We accomplish 24*7*365 Security Monitoring, Incident Response, Malware Analysis, Reporting and Proactive Threat Hunting.

Social Responsibility

Social Initiatives by UIC

Our customers continue to benefit from our online Balsam platform. It is our value-added service which offers our clients several carefully designed programs that provide relief to certain areas that aren't covered under traditional health insurance policies.

During the holy month of Ramadan, we organised once again clothes donation campaign with Dar Al Ber Society. Collection boxes were placed in all of our offices and this year we were able to donate 9 full boxes to the charity organisation.

In collaboration with our Health Department, we organised a campaign for unused medications to ensure safe disposal of medicine and increases awareness of the importance of avoiding medicine wastage to reduce financial and environmental impact. In total, we collected approximately: 753 tablets, 16 syrup bottles, 5 sprays, 2 nasal drops and 1 creams , which were given to DHA.

Under the DHA program Basma, we continuously raise awareness of the importance of screening for Breast Cancer, Cervical cancer, Colorectal cancer, Hepatitis -B and Hepatitis-C through a number of channels.

We also provide complimentary health insurance coverage for families who cannot afford to pay the premium. In total, we donated policies worth AED8,100.

Employees

At Union Insurance, employee wellness is a top priority. Our management team is actively engaged in identifying and implementing policy enhancements that support and benefit our employees.

We organised online session for our employees to raise awareness of disease such as prostate cancer for our male employees and breast cancer for our female employees.

Renowned doctors from Aster Hospital delivered an informative and insightful presentation.

Under Balsam Wellness program we organised Health check-up camp that included tests for cholesterol levels, blood sugar checks, blood pressure and BMI assessments. And for the first time AC1 test was also conducted, followed by a consultation with a GP.

Our employees also benefited from the chance to get their eye tested during the eye health check-up camp. In partnership with experienced optometrist, the initiative provided eye screenings for early detection of any vision issues.

For the first time, Union hosted an iftar to all its employees to fosters inclusivity, strengthens team bonds, and promote cultural appreciation.

In line with the federal government initiative, we continued to promote a work life balance by adopting a 4.5 day work week.

Union also issues a bi-monthly staff magazine, Union Magazine, to boost employee engagement and help improve internal communication. The magazine also provides a platform to share company updates and celebrate achievements.

Diversity and Inclusion

Our Diversity and Inclusion framework enables UIC to implement targeted initiatives and improve diversity and inclusion across the corporation. UIC is committed to developing policies, practices, and ways of working that support diversity. Our workforce proudly represents over 20 different nationalities, reflecting our commitment to a diverse and dynamic workplace.

Equal opportunity is one of our core values with women forming 36% of our employees.

All employees are evaluated based on their contribution to their respective teams and the company. Union ensures full compliance with all statutory requirements set by the Ministry of Labor.

Women in Leadership

As an organization, we help nurture and grow individuals to lead senior positions within the company. The female member of the board makes 14% of total members.

Emiratisation

Inspired by the UAE Vision 2021 that aims to empower UAE nationals to drive economic growth by increasing their participation in the labour market, we are firmly committed to nurturing and developing the local Emirati community for the long-term benefit of our business and the national economy.

We take our responsibility towards the Emiratization initiative very seriously and aim to always achieve and surpass the set targets. In 2024, 20.8% of our workforce are UAE nationals and we continue to develop Emirati talent and continue to meet the regulatory requirements. of Emiratisation. We have organised two training and career

development sessions that were specifically crafted for UAE Nationals and were attended by 35 employees.

Our objective is to attract well qualified UAE Nationals to the company. We have participated in three Job fairs organized by EIF and Sharjah Government to invite talented Emirati nationals to be a part of the company.

Training and Career development

A New Joiner Orientation (NJO) is the first training session that all employees go through. This session is aimed to help the employees get better acquainted with the organization structure and technical areas/departments.

Post the NJO, each department head puts the employee through a training program/period. This is managed directly by the department and is customized basis the role and career level of the individual. The objective is to ensure that the employees is coached by experienced team members on the tasks and process using real life examples and situations. This also allows the employees to understand their role, responsibilities, and key performance areas.

We also provide annual online training for AML and IT Security and specialized training for sales & marketing team via our inhouse training platform.
via our inhouse training platform.

Environmental Responsibility

Energy Efficiency

We aim to be energy efficient at Union in line with the UAE's direction to reduce emission.

We have LED energy efficient lights in our local offices and the air conditioning is programmed to switch off when no one is in the office. We have also instilled a culture where our staff switch off the lights before they leave.

Paper

We are continuously introducing initiatives that help reduce our environmental footprint across our local offices. We also engage employees through eco-friendly awareness and education to be more environmentally responsible.

We strive to conduct our business in a manner that causes no harm to the surrounding living environment. As we are taking significant steps in our digital transformation process, we are reducing the use of paper. Our customers can buy policies online as well as submit their claims. This has also helped in reducing air pollution as fewer customers find it necessary to visit our offices for insurance services.

Ink cartridges

Our ink cartridges recycling program now includes all types of cartridges. Since the program inception in 2015 we have recycled 2720 cartridges till December 31, 2024.

In some select departments, black and white printers have replaced color printing for a more environmental-friendly printing as it reduces consumption of ink.

Water Bottles

We have started recycling plastic water bottles across our offices in 2022 to help reduce the impact of our business on the environment by decreasing carbon emission and saving energy and water. Employees were also encouraged to bring bottles from their homes.

Cans

We have expanded our recycling program in 2023 to include cans.